OFFICE OF THE COMMISSIONER OF INSURANCE
STATE OF WISCONSIN

In the Matter of Application for Conversion of
Blue Cross & Blue Shield United of Wisconsin,

Petitioner. Case No. 99-C26038

PUBLIC HEARING
Monday, November 29th, 1999
12:40 p.m.
at
ITALIAN COMMUNITY CENTER
631 East Chicago Street
Milwaukee, Wisconsin

BEFORE:
Ms. Connie L. O'Connell, Commissioner
Mr. Steven J. Junior, Senior Insurance Examiner

REPORTED BY: Julie A. Poenitsch, RPR/RMR/CRR
Rosanne E. Pezze, RPR/CRR

TRANSCRIPT OF PROCEEDINGS

THE COMMISSIONER: Good afternoon and welcome. I will call this informational hearing to order. Any conversations, please move out into the hallway. I'm Connie O'Connell, Insurance Commissioner, and this hearing is being held at the Italian Community Center in Milwaukee, Wisconsin, at -- I have 12:40 p.m. on November 29th, 1999, pursuant to Section 601.62 and 611.76(6) and 613.75 of the Wisconsin Statutes.

This hearing is being held to receive informational public comments, both oral and written, concerning Blue Cross & Blue Shield United of Wisconsin's application for conversion.

I want to thank all of you that are here today to provide and listen to the testimony. The proposal by Blue Cross to convert from a non-profit to a for-profit stock corporation is of great interest. Earlier today we had the initial phase of the Class I contested case hearing that was held regarding the Blue Cross Blue **Shield United of Wisconsin's application for conversion. At that hearing the issues considered, and upon which the public is now invited to comment, are as follows:

The conversion of Blue Cross Blue

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Shield United of Wisconsin from a non-profit service insurance corporation to a stock insurance corporation and whether or not under Section 611.76 and 613.75 of the Wisconsin Statutes the plan of conversion violates the law or is contrary to the interests of the policyholders of Blue Cross and Blue Shield United of Wisconsin or the public.

I think some of you here today to testify, it is maybe an activity that you would do in the normal course of business. You may be fairly comfortable with appearing before a setting like this, but I think for many of you, this is a little bit of an intimidating setting. We do have a court reporter here. You may be asked some questions after you testify. But I understand that you're here because this is an important issue, your testimony is important, and in order for our office to analyze this transaction, we need to hear from the public, and so your appearance today is very much appreciated.

I encourage you to listen to some of the other speakers. If there are common themes, rather than to repeat them in your testimony, if you can just indicate that you agree with the previous speaker or just summarize those comments. We do

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have a number of individuals that would like to speak, and we would like to accommodate all of those interested in offering public testimony.

The transcript of this hearing and any written testimony that's introduced, any comments received on or before the close of the comment period, which is December 13th, 1999, will become a part of the record for Blue Cross & Blue Shield United of Wisconsin's application for conversion. The testimony may be oral or written. We will not be administering an oath or affirmation to anyone who testifies here today, but if you could just fill out a speaker slip if you'd like to provide oral testimony or submit written comments today. Once those slips are completed, you can hand them to the designated assistants who are in black, wearing the black jackets with the Wisconsin -- the State of Wisconsin seal on those.

What I'm going to do is call names, and I'll call names in groups of five. If when your name is called, if you're the first speaker, if you can come up and take a seat at the podium to my right. If the second speaker then can be on deck, so to speak, at the chair here on my left, and then if you're following that, if you can just be ready

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to come up fairly quickly to speak, we can keep this moving rather quickly.

So I'll call the first and second -- I'll call five names. The first and second speakers can take their places. If you're third on that list, when the first speaker is completed, please take a seat then at the table to my right, and so on, so that we can keep a constant flow of individuals ready to speak.

The first names that I will call -- And I do have a timer here. We are asking that individuals speak and limit their testimony to five minutes. You don't need to take the full five minutes, but if you could limit your testimony to five minutes, that will assist us in hearing from everyone that's interested in speaking today. It's a fairly quiet timer, so you may not hear it go off, so I'll remind you if the five minutes have expired.

The first speaker that I would like to call is Colleen Kalt. Miss Kalt is with the National Multiple Sclerosis Society. Following Colleen will be William E. Scheckler, M.D., with the Wisconsin Department of Family Medicine; then Kathleen Schneider, Executive Director of the Greater Milwaukee Free Clinic; then Nicholas Wilson,

with the Medical College of Wisconsin; and then Dr. Peter Rumm, with the State Division of Public Health.

Thank you, Miss Kalt. You may begin.

MS. KALT: Good afternoon. My name is Colleen Kalt. I am the president of the National Multiple Sclerosis Society, Wisconsin Chapter. Thank you for the opportunity to testify today on behalf of thousands of individuals in Wisconsin who have multiple sclerosis. Multiple sclerosis, or MS, is a chronic, often disabling disease that randomly attacks a person's nervous system, wearing away the control that they have over their body. Symptoms of MS may range from numbness to paralysis and blindness. Most people who are diagnosed with this disease are between the ages of 20 and 40.

The unpredictable and physical and emotional effects of this disease last their entire lives. MS is a devastating disease that affects over a third of a million Americans. Counting their family members and those who care for them, MS affects over one million people.

Between eight and 10,000 people in the State of Wisconsin have MS. Every week 200 people are diagnosed with this disease. That's more than

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one person every hour.

The economic impact of multiple sclerosis is staggering. The average annual cost of MS in Wisconsin is $34,000 per person per year. Over a lifetime, the cost is $2.2 million.

I'm here today, Commissioner O'Connell, to request that you allow Blue Cross -- Blue Cross's proposal to move forward. Funds made available from the conversion can be put to good use in the fight against multiple sclerosis.

MS research is paying off, with new treatments and therapies on the markets and others under study right now. Our Wisconsin chapter plays an integral part in funding the search for a cure and treatments for MS. Forty percent of each net dollar we raise supports national and international research.

MS research has never been more hopeful than it is right now. Since 1993, three medications have been approved by the Food and Drug Administration to help lessen the frequency and severity of MS attacks. These drugs can even affect the course of the disease, rather than just relieve symptoms.

There are also several studies of new

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therapeutic agents under way that look very, very promising. Our commitment to research is one of our highest priorities. The Society spends more money on MS research than any other voluntary health agency in the world. This year alone, the Society committed over 23 million to support over 200 MS research and medical programs at the best medical centers and universities throughout the United States and abroad.

Over $872,000 is currently in funding for four scientists here in the State of Wisconsin at the Medical College and UW Hospitals and Clinics. This investment is paying off in significant advancements toward finding treatments and better diagnosis and therapies for people with this disease.

The National MS Society is in an unfortunate position of having many more relevant research proposals that we are not able to pay for. Thus, the need for additional research dollars is great.

I respectfully request that a portion of the funds from the foundation be used to set up MS research processes at the Medical College and at the University of Wisconsin. Funds should also be

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used to attract and train promising young investigators to carry out this vital work, and not just for multiple sclerosis, but for all the diseases that affect the Wisconsin citizens. Young vital researchers are the things that we must invest in now for our future.

It has been an honor for the National Multiple Sclerosis Society to provide research funding to scientists at both the Medical College and the University of Wisconsin-Madison for many years. But we cannot do it alone.

The conversion gives us a unique opportunity to strengthen and expand the partnership between our chapter and our fine medical research facilities here in the state. This research could likely result in solutions that will end the devastating effects of multiple sclerosis. Thank you.

THE COMMISSIONER: Thank you, Miss Kalt. Next Dr. Scheckler.

DR. SCHECKLER: Thank you. I provided some additional information to you in written form, and I come to you today in two capacities. The first is as interim chair of the Public Health Advisory Committee of the State's Department of

Health and Family Services, and also as a professor in the University of Wisconsin Medical School Department of Family Medicine.

And I come in support of the concept of converting the true value of Blue Cross Blue Shield into a non-profit educational and scientific foundation which will substantially enhance public health programs in the state through education, research, and service.

In my first capacity here this afternoon as interim chair of the Public Health Advisory Committee, I invited the leaders of both medical schools to present a status report of their presentation to Blue Cross Blue Shield United at our September 24th, 1999, meeting. I had solicited input from our over 25 members prior to that meeting, and these members represent virtually all of the public health and health advocacy groups in the state.

Dean Phil Farrell from the University of Wisconsin was able to come and present -- And I have in the packet to you my response to him, authorized by our interim executive committee, in a letter dated October 12th, 1999. Our committee will review the status of the public health foundation,

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and we will attempt to come up with a consensus statement on behalf of the Public Health Advisory Committee, which we'll share with you by the middle of December. Our group does not meet until Friday of this week. The consensus will not be easy, since the diversity of our group is substantial. You'll hear many of them testify this morning. And I've worked in the area of public health for 31 years.

But I'd also like to comment to you on behalf of my longstanding commitment to public health and family medicine in the State of Wisconsin. As proposed by the UW Medical School, the funds would be deposited in the UW Foundation and managed through the large and extraordinarily successful management plan the Foundation has used for many years for such donations. There would be absolutely no need for establishing an additional foundation or infrastructure if the funds were deposited as currently envisioned. And I can see no persuasive reason why the existing foundations for both medical schools could not be used as the repository of the funds, provided the board controlling the distribution of the funds to which both medical school foundations would report is broad based and has adequate public and professional

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public health representation. It would be extremely costly, as I understand it, to establish a separate independent foundation, and to me that's a waste of money.

Wisconsin is an excellent state in many respects with regard to the health of our citizens. However, we have continuing and important problems that these funds could address in a substantial and important way.

For example, I direct a primary care research fellowship at the University of Wisconsin for family physicians, general internists, and general pediatricians. We currently have five fellows in our two-year program, leading to a Master of Science in Population Health. This is federally funded, but as is true with most federal funds, it falls short of providing support, both for the faculty involved in the program -- it doesn't even adequately support the fellows' salary -- or the tuition we need for the master's program.

As envisioned, the Blue Cross Blue Shield money at the University of Wisconsin would make up for this lack of complete funding by the federal grant, enable us to potentially substantially increase the number of fellowship

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slots that we offer.

Now, there is a very substantial deficit in primary care research training, which is recognized by the federal grant. Wisconsin could become a leader in this field with more funding. I should say the Medical College of Wisconsin has a similar fellowship program and training grant.

In addition to the research fellowships in primary care, there is also a need for more public health training at the master's level and continuing education at an advanced level for our public health professionals throughout the state.

A collaborative educational program between the UW and MCW institutions, which both currently have appropriate master's degree in this field, could substantially impact on the professionalism and upgrade the educational opportunities for our public health professionals.

This need for an increase in knowledge base and leadership training has been recognized for some time, but the funding for it has been hard to come by. Public health education programs in general are not as captivating to funding sources as other medical society and priorities have been.

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Our own department of family medicine has been dedicated in its 29 years of existence in training family physicians for practice in rural areas and in other areas of need in Wisconsin. We've been very substantially successful in that regard, as you will no doubt hear from some of my other colleagues.

My prospectus spans the entire 29-year history of our department. I've been teaching, both as a volunteer faculty and full-time faculty, hundreds of residents over that period of time. Two-thirds have gone into practice in Wisconsin, mostly in rural areas.

Recently we've developed a rural training track in several of our programs around the state, which begin to capitalize on our collaboration, in Antigo, Baraboo, Black River Falls, Mauston, Menomonie. This rural health initiative is complemented by our activities in Milwaukee for inner city clinics as well.

THE COMMISSIONER: I would ask that you summarize your comments at this point.

DR. SCHECKLER: Okay. Thank you.

THE COMMISSIONER: You've reached the five minutes.

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DR. SCHECKLER: I think the leaders of the medical school have listened carefully and have done something quite unimagined by me and by others in -- in looking at what are the true public health needs in education and research in the state.

The foundation envisioned is a once-in-a-lifetime opportunity for the citizens of our state to enhance our capacity for professionalism in public health and in community-oriented primary care. I believe the mechanisms can be found to assure the appropriate use of these funds without the establishment of a separate costly foundation when appropriate foundations already exist. I encourage the Office of Insurance Commissioner to move this process forward with all deliberate speed. Thank you very much.

THE COMMISSIONER: Thank you. Next we have Kathleen Schneider, followed by Nicholas Wilson, followed by Peter Rumm, Dr. Peter Rumm, then Diane Mwri, and Charles Asherman.

I do want to comment the -- particularly the early speakers, we certainly appreciate your patience in waiting for this opportunity to testify. Thank you very much.

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MS. SCHNEIDER: Thank you, Madam Chairman. My name is Kathleen Schneider. I am the executive director and co-founder of the Greater Milwaukee Free Clinic. I have been working in that effort since 1993 here in the Milwaukee area.

To establish myself, I am also the wife of a solo practice internist and the mother of a future physician, who is currently in medical school. Hope they don't take this -- put this against my daughter.

But anyway, our organization is a 501-C3 non-profit. It's an all-volunteer organization, one of 26 such free clinics within the State of Wisconsin. We separate ourselves from the other free clinics in the fact that we use primarily volunteer professionals. We have tremendous support from the medical community to do what we do. Our clinic alone has served over almost 5,000 patients in under four years that we've been open. We are open two nights a week. Some of the clinics have been in existence for as long as 20 years. Some are very newly opened as of November of 1999. So there's a broad spectrum in this 26 group of grass roots clinics who are providing care to largely uninsured, probably working individuals who do not

have access through health care, through BadgerCare, Medicaid, Medicare, Healthy Start, or some of the other programs that are available out there.

Our mission statement closely resembles the original mission statement of the Blue Cross Blue Shield organization when it became a non-profit in 1940 -- 1939, I'm sorry. Our mission statement says that we are to provide free medical care and free pharmaceuticals to low income working people in the Milwaukee area without medical insurance or the ability to pay for medical care. The intention of the Greater Milwaukee Free Clinic is to help people who are working to sincerely help themselves and their families. The clinic is staffed by volunteer professionals. And that pretty much mirrors some of the mission statements of the other 26 free clinics throughout the State of Wisconsin.

As a group we bridge the gap between the public and the for-profit -- the public sector and the for-profit private sector. They are currently of those 26 clinics, we are a quiet group who exist and function to survive solely to provide for the patients who come to our doors.

The volunteer professionals -- Our

clinic alone has provided over $800,000 worth of free care without taking into account the value of the volunteer hours that have been provided through by the professionals.

I apologize if I am not quite as organized as some of the other people, but I'm trying to speak on behalf of the other 26 clinics.

What I request of you today, Madam Commissioner, is that you take the following issues into account when moving to accept the foundation board as proposed by the Blue Cross Blue Shield United of Wisconsin. The foundation board is composed of members who represent direct beneficiaries of the conversion funds, and this does not imply an impartial board to me.

Each medical school is proposing another layer of bureaucracy, as the doctor before me mentioned, which will separate the citizens of the state from the beneficiary of the foundation funds. UW Medical School asked for 27 million in start-up funds, MCW asked for 12 million of start-up funds to create a new paradigm of public health.

This is a very expensive, quote, unquote, $32 million duplication of a second level to disburse funds to deserving projects. Are these

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projects then going to be self-serving to the medical schools or really to the benefit of the public of the State of Wisconsin? Will existing, financially struggling entities like free clinics, who already provide great services, be overlooked for operational funds for continuation of those existing services? Foundations do not do operational funds, as we now know the way foundations support organizations. They provide for projects, not existing funds.

Study after study in our state and around the country are funded to define the population that we serve, the underinsured, uninsured population. The clinics serving this population, however, see no dollars from that kind of funding.

These organizations are actually threatened -- The free clinics are threatened because they don't receive any operational funds, and many don't want them. They prefer to work on private funding the way we currently work.

Blue Cross Blue Shield itself currently does not support our free clinic or, to my knowledge, others like it in the metropolitan area. Trigger locks and nurses are very worthy causes, but

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not the only ones.

In addition, the public education proposed by the medical schools on health issues is dependent upon the abilities of the recipients of that information to receive and own that education.

We treat many patients in the clinics who are failures of public education on those topics. They already have the message that smoking is dangerous to your health. It's on every pack by the surgeon general's order of a number of years ago.

In spite of all the best efforts of our schools and educational systems, unprotected sex with others, which they are taught leads to pregnancy, 38 sexually transmitted diseases, some of which have no cure, smoking and asthma-related combinations are a problem, alcohol, drug, and addictions, those kinds of educational programs are not always successful because they depend that the organizations communicate motivation and compliance to treatment plan. As I said, we treat the failures of these programs.

THE COMMISSIONER: Miss Schneider, could you summarize your comments?

MS. SCHNEIDER: Yes. Although the

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medical schools have lofty goals, they have existed for many years and have not provided for the free clinics. They each have free clinics, but not in numbers to treat the number of uninsured and underinsured.

I would like to sum up by saying that as advocates for a group of population throughout the State of Wisconsin, those who fall outside of the cracks, between the cracks, we request that the conversion foundation be constructed in a manner which will represent the population that we serve and the non-profit organizations that we run and thereby relieve the public of some financial burden of the uninsured. Thank you very much, Madam Chairman.

THE COMMISSIONER: Thank you. Okay. Nicholas Wilson.

MR. WILSON: Good morning or good afternoon. My connection with the Medical College is as a volunteer member of the cardiovascular research center board. Other than that, I am a registered investment adviser and president of Jacobus Wealth Management. I spent many years in the investment banking business, focusing as part of my time on the conversion of -- of corporations

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to -- from a mutual to a stock nature, and I have to say that based on my experience, the plan that's been proposed is truly creative in how do you -- who is the owner of the mutual Blue Cross Blue Shield and who do those proceeds work to, and I think this is a very innovative approach with the donation to Wisconsin's two medical schools to focus on a long-term coordinated strategy to improve health in Wisconsin.

I think both the schools are very forward thinking and, quote, deal with solving tomorrow's health problems, as well as today's. I think that the beauty is that they have the infrastructures in place in order to move forward with programs, and instead of changing and developing new levels of infrastructure and bureaucracy in order to expedite these matters, they're both well addressed to address the state's public health needs, they're -- many times they've been involved with collaborations and partnerships before with various civic and health care organizations, and they're in a wonderful position to do that.

The new public health improvement partnerships would help community health on a

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statewide basis, and I think the real key with the schools, that they work together so as not to duplicate their plans.

The real key to the aid in the future is research has the greatest promise for preventing and detecting and treating, curing cardiovascular disease, cancer, and stroke and leading causes of death in Wisconsin. That's what the Cardiovascular Research Center Board focuses on.

And the real key, of course, is getting the researchers to do the work. And I think the real key from the standpoint of this conversion is making sure all that money stays in Wisconsin to do the research at places that are very capable to do it.

You hear a lot of feedback of the mechanisms that are in place to deal with these diseases. There's not only the ones I mentioned before, but there are a variety of other problems, like women's health and aging and pediatric health, but the Medical College would be in a position to respond to these plans.

The education is a key component of what the Medical College does. Educational medicine is very, very expensive today, and they train a

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great number of the doctors and medical professionals going into the State of Wisconsin.

Building and expanding the access to the health information is key, and I think that's what the Medical College's proposed program focuses on. And with this, I think the creation and prevention of wellness initiatives and the outcome of measurements of studies, I will identify these programs and others, and we should see good results in the future. Thank you so much.

THE COMMISSIONER: Thank you. Next we have Diane Mwri, followed by Charles Asherman, followed by Vera Bone -- Vera Boane, excuse me, followed by Dr. Seth Foldy. And -- but first of all, Dr. Rumm. Sorry about that.

DR. RUMM: That's no problem. Madam Commissioner, my name is Dr. Peter Rumm. I'm the chief medical officer for Division of Public Health, and I also serve as the state epidemiologist for chronic disease and health promotion. Prior to this, I served as the chief of epidemiology for the U.S. Army in Europe and as senior adviser to NATO on preventive medicine.

I have the greatest regard for the two superb medical schools, and I hold a clinical

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assistant professor appointment at the University of Wisconsin and impending an appointment to the Medical College of Wisconsin.

However, DHFS and DPH have stakeholders, that most importantly the key role of looking at the combined health of the citizens of Wisconsin. Therefore, we have submitted written testimony today that includes a letter from Mr. Chappin, the senior administrator, Division of Public Health, representing the Wisconsin Public Health Advisory Committee, back to Dean Farrell after his visit on October 29th, 1999, and the text of the letter, from which I am going to read to you today.

The Division of Public Health has carefully reviewed the revised proposal by Wisconsin's two medical schools to Blue Cross Blue Shield. I can say over the last several weeks, we have spent many hours of deliberation with many interested parties.

The revised plan to the several expanded points appear to be a significant improvement over the earlier proposal. These include increased public health education at both medical schools, with significant collaboration with

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the Department of Health and Family Services, general illusions to increased efforts promoting better rural and urban health, and an emphasis on women's health and what we believe are somewhat limited proposal to disburse grants directly to community interests.

However, we continue to have significant concerns that the current proposal may not adequately fully target many of the State of Wisconsin's primary public health needs. Therefore, the Division of Public Health and the Department of Health and Family Services propose that the Office of the Secretary jointly recommend that the Office of the Insurance Commissioner require the two medical schools to submit another improved proposal that would specify in greater detail the following bullet statements.

First, I must state that at the conclusion of the meeting of the Wisconsin Public Health Advisory Committee, Mr. Chappin made an eloquent discussion, I believe to Dean Farrell, which is stated that in the -- that the common known trilogy of the medical schools put research at the base of the triangle and get the vast proportion of funding. The medical schools already have dollars

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and can attract significant dollars for research, including those in public health, many in public health endeavors.

It's in -- They also do medical education, and then finally, they provide some what we would call limited public health and really serve the widespread community interests of the public health of the state.

We would like to see that triangle significantly reversed, in fact turned on its end, where the true public health of the state is put No. 1, perhaps medical educations we'll spell out second, and research, targeted research, as the third of the tip of the triangle.

We need to shift the proposal from medical research implementation of public health needs identified in Healthy People 2000, put out by the Centers of Disease Control, and DHFS's upcoming proposal called Turning Point, where 12 to 15 summary recommendations on the needs of the state. This process has been undergoing for a year and a half and has involved over 40 interest groups around the state and has involved representatives from both medical schools.

It is a scientifically done document

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and not a hastily -- not done in haste and has really been done in much greater deliberation than was -- than was allowed the time frame for the medical schools to work under to put together their proposals.

We -- That -- We believe that we need to increase the community block grants in the plan to be distributed by both medical schools so they represent the majority of the funding coming out of these -- of the proposal.

And most importantly, that the plan specifies in exact detail the public health professionals and who will be named and in what category to the boards. Or, preferably, a single solitary board will disburse these funds between the two medical schools.

We really need to see greater coordination between the two medical schools and really try to exclude funding for research that we believe we can help the medical schools and other interested parties obtain from other sources.

I will quickly summarize six final points. We want to focus on children's public health needs. We want to -- we want to -- We do support the proposal for a joint MPH program or

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possibly a school, and we do -- we do really want to shift that -- that the organizations that write proposals for grant have some kind of training mechanism to be able to seek those type of grants.

And, finally, the dental schools have been significantly let out of this proposal, and we think they needed to be brought into the picture. I'm sorry, the dental school.

And, finally, as such, we're willing to work with the medical schools to significantly improve this plan if called upon to do so. If not, we are also open to other possible alternative mechanisms for distribution of the Blue Cross Blue Stocks (sic) stock valuation.

The bottom line is we must have a proposal that significantly improves the public health of the State of Wisconsin over the immediate future. Thank you.

THE COMMISSIONER: Thank you. Miss Mwri. Tell me how to pronounce your last name.

MS. MWRI: It's Mwri.

THE COMMISSIONER: Mwri.

MS. MWRI: Diane Mwri. I'm the public health administrator for the City of Racine, Wisconsin. I'd like to preface my remarks with a

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definition of public health. We've been tossing the term around quite liberally today. I offer a simple definition of public health. It is a population-based approach to the prevention of disease. As public health administrator for the City of Racine, the health department staff and I are on the front line of public health. We deal with tuberculosis, high risk pregnant women and infants, chronic disease prevention, food-borne illnesses, animal bites, immunizations for children and adults, violence prevention, and myriad other public health challenges every day. Our major focus is the primary prevention of disease. That is before signs and symptoms of disease occur.

The public funds arising from the conversion of Blue Cross & Blue Shield of Wisconsin to a for-profit agency offer an exciting opportunity to improve public health in the State of Wisconsin. Used wisely, these funds can make the people of Wisconsin the healthiest people in the United States. If they are used traditionally, vis-a-vis a medical model that promotes the treatment of disease, we will fail in this task.

The proposed plan for the use of the funds by the University of Wisconsin Medical School

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and the Medical College of Wisconsin does not yet represent good public policy for promoting public health in the State of Wisconsin.

A good public health promotion plan should have the following characteristics: One, assurances for a strong public health infrastructure that includes excellent academic presentation, preparation in public health, staffing at the state and local level that is sufficient to meet public health challenges for the future, a strong research arm based on the science of public health, epidemiology, and a comprehensive communication system to foster public health.

No. 2, a funding foundation composed of public citizens, including laypeople, whose money this is, and public health professionals and other experts who understand what is required for health promotion and disease prevention in the State of Wisconsin.

No. 3, opportunities for funding new and innovative methods for empowering the people of Wisconsin to lead healthy lifestyles. This may range from support for behavior modification techniques to economic support to insure adequate nutrition for all residents.

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Finally, I would also like to say a few words regarding accountability. I think it's critical that if this amount of money is being used by any entity, that accountability be in the forefront, that specific outcome measures should be stated and attained for the use of these funds.

Although I am not opposed to the medical schools functioning as the fiscal agents for the funding, it is critical to ensure, through the planning process, that the primary prevention of disease is the cornerstone of the plan.

This conversion is an opportunity for Wisconsin to be on the leading edge of public health. We can do this with a plan that is flexible, innovative, and open to the participation of public health professionals and the people of Wisconsin. Thank you for the opportunity to comment.

THE COMMISSIONER: Thank you. Charles Asherman.

(No response.)

THE COMMISSIONER: Vera Boane. Miss Boane will be followed by Dr. Seth Foldy, then Dr. Shindell, Gerald Schroeder.

Miss Boane, thank you.

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MS. BOANE: My name is Vera Boane. I'm from Twin Lakes. I'm actually speaking for my husband, who is a Kenosha County Commissioner of Aging.

I think that -- that the board has to be an independent board. It cannot be just the Blue Cross and the medical schools. It should be completely independent.

And I, as a former nurse, I understand how important research and all that is, but as a former nurse, I also am concerned about care. Who gives care? Who -- who are the really care givers around here? They're the nursing assistants. They're the home health care people. And to me, they do not make a living wage, and it is time something is done to -- to promote these people, give them a living wage, and so that there will be enough health care workers around as -- as this Wisconsin population ages.

Right now the COP program, community options, does -- you know, has a long waiting list, and I think it's time that we spend some of the Blue Cross money on -- on programs like that.

I also think that prescription drugs could be considered. In other words, if we had a

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foundation that was not concerned with the medical schools, but was concerned with care, then gave grants to different organizations that applied, that's where I think the money should go. It is Blue Cross money, it is public money, and it should go back to the public, and I thank you.

THE COMMISSIONER: Thank you. I can indicate that -- because there's no conflict of interest, but I understand your statement about nurses' assistants because I spent many years as a nurses' assistant myself, Miss Boane.

Okay. Dr. Foldy.

DR. FOLDY: My name is Seth Foldy. I'm the health commissioner and medical director of the City of Milwaukee Health Department. I am also a member -- a paid member of the Medical College of Wisconsin faculty, and it should be noted that the City of Milwaukee Health Department engages in productive collaboration with both Wisconsin medical schools.

I do wish briefly to note with sadness the accelerating conversion of our health care insurers and providers to for-profit status. I believe this is a troubling trend. This trend represents a failure at the national level to

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establish and preserve a publicly accountable system of health care for all. It is not the creation of Blue Cross Blue Shield, and I recognize that our state's Blue Cross Blue Shield affiliate may need to respond responsibly to this trend through reorganization.

I do applaud Blue Cross Blue Shield of Wisconsin for proposing a conversion plan that seeks to preserve the public's historic investment for future use. I cannot know if the conversion plan indeed accounts for every bit of past public investment or fully maximizes future yield. Thus, I appreciate the commissioner's commitment to investigate the appropriate valuation of both the non-profit Blue Cross Blue Shield organization, its various subsidiaries, as well as your commitment to examine restrictions placed on the proposed future foundation.

I understand the desire of the Blue Cross Blue Shield board to convert these assets in a way that minimizes administrative and political impediments to the use of funds. For this reason, a fairly direct payment to the State's two medical schools was proposed. As would be hoped, the two schools have worked vigorously to propose meaningful

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plans. I acknowledge that these plans represent a real stretch for these institutions. The schools have traditionally focused on the mission of teaching individual physicians, providing health care for individuals, and performing research primarily directed towards the care of individuals. Thus, public health from a pop -- population perspective is not their traditional focus. Therein lies one problem with the plan in its current form.

Given the short time frame for planning and the permanent nature of this endowment, most of the important decisions regarding the priorities and the practical use of funds will be made in the future. To maximize the public benefit, it is critical these activities are fully coordinated with the broader public health system that includes state and local public health agencies, health care providers, community-based organizations, voluntary health organizations, and other sectors.

It is also important that the efforts of the medical schools themselves be coordinated and that duplication be avoided.

Finally, no meaningful public health planning and implementation can proceed without

ongoing participation by those communities impacted most directly by today's leading public health problems.

While the plans offered by the two schools represent a great increase in community responsiveness and public health vision, there is no guarantee in the conversion plan that funds will perpetually serve the changing public health needs of the state. This is because after several years planning will increasingly become the exclusive domain of the schools themselves.

Therefore, I suggest that the public's long-term interest could be improved by establishing a permanent public health foundation. The role of this foundation should be to insure ongoing public accountability, public health expertise, and broad community participation. These are issues that are not guaranteed by the current proposal.

This foundation would work meaningfully with the two colleges in the ongoing definition and coordination of their plans. It could also consider alternate use of funds as appropriate. This could include support for ongoing disinterested public health planning to ensure maximum health benefit for all funds expended.

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It's my belief that these functions could be performed with very modest administrative overhead, given the excellent commitments already offered by the schools and existing public health planning efforts underway, such as the Turning Point Transformation Plan for Wisconsin.

I do applaud Blue Cross Blue Shield and the medical schools for the work already accomplished on this transformation. My concerns reflect in large part a perspective focused 10 or 20 years down the road, when many of the people in this room are no longer at the helm, and the visions that brought us together have become business as usual, as all successful visions inevitably do.

The new asset that is being created can have a permanent, ongoing benefit for the public, but we cannot be sure the public will receive maximum benefit over time without ongoing public accountability to a broad public health vision from a disinterested organization. Thank you very much.

THE COMMISSIONER: Thank you. Dr. Shindell.

DR. SHINDELL: Yes. Thank you. Excuse me. My name is Sidney Shindell, S-i-d-n-e-y

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S-h-i-n-d-e double l. I just broke my ankle a few weeks ago. That's what this is about.

I came to Wisconsin 33 years ago to become Chairman of Preventive Medicine of what was then the Marquette University School of Medicine. One year later, the school separated from Marquette and became the Medical College of Wisconsin, and I served as Chairman of Preventive Medicine for 23 years and then director of MCW's international program for four years. Upon my retirement, I was appointed professor emeritus and then three years later was appointed by the Governor Thompson to MCW's board of trustees.

I entered the field of public health following my internship. I was trained in CDC, was assigned to the Georgia State Health Department, and after two years in Atlanta, served three years in Washington with the U.S. Public Health Service. I later served with CDC and WHO, World Health Organization, as the Pan American Health Minister at Trinidad and at the Ministry of Health in Thailand.

Prior to coming to Milwaukee, I was on the faculty of the University of Pittsburgh School of Medicine, and for a portion of my six years in Pittsburgh, I was the district health officer in

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Allegheny County, Pennsylvania. I have a copy of my CV I can give to you.

I mentioned the above simply to indicate that I have held positions in public health at the local, state, federal, and international level, and I'm sorry to say I did not see any appreciable public health activity in the proposals that Blue Cross Blue Shield have received from the two medical schools in our state. Virtually none of the services described by Mr. Bolger this morning appear in the documents submitted to Blue Cross by MCW, nor am I aware of anyone with a public health background that was involved in the development of either of the medical schools' proposals, and no assurance has been given that the faculty of MCW's Department of Preventive Medicine will be the nucleus of the projected institute.

I'm aware that a coalition of concerned citizens has proposed that a portion of both medical school's grant from Blue Cross Blue Shield -- not all of it; a portion -- should be devoted to the development of a jointly sponsored school of public health utilizing the existing resources of both medical schools currently devoted to public health related activities and enabling

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both schools to determine together which portion of this state each would be participating in additional community-based public health activities.

Only by having appropriate independence can we be confident that public health activities will be the attention -- will get the attention they deserve. I'm told that both the State Medical Society and the Wisconsin Public Health Association will be giving consideration to endorsing such a proposal, and I would strongly request that the insurance commissioner include a requirement that such a school be established as a condition for approval of the Blue Cross Blue Shield's conversion from non-profit to a for-profit organization.

THE COMMISSIONER: Thank you. Okay. Next we have Gerald Schroeder, followed by Frank Matteo, followed by Patricia McManus.

MR. SCHROEDER: My name is Gerald Schroeder, G-e-r-a-l-d, Schroeder, S-c-h-r-o-e-d-e-r. I am a native of Wisconsin and a graduate of the University of Wisconsin-Milwaukee. My undergraduate degree is social welfare, and my master's degree is in business and management.

My entire career has been in public

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service, having served 30 years in health and human services. My primary areas of expertise are Medicaid, federally qualified health clinics, health, department of services, and state sponsored HMOs.

I am currently working with a very special organization that processes -- that possesses a unique technology that improves the effectiveness of commercial, charitable, and government organization in reaching and serving the public.

I am also familiar with the people who are active in the development of the Coalition of Concerned Citizens. I understand that they have two primary concerns at this moment. One is to support the development of a jointly sponsored school of public health to serve people of the State of Wisconsin; the other to provide educators and law enforcement agencies with the most up-to-date information necessary to deal effectively with gangs.

I concur with the most effective way to develop such a cooperative school of public health would be to utilize the existing professionals in this field in both of our state's

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existing medical schools as the nucleus for such a school.

I also feel a portion of the Blue Cross Blue Shield fund be devoted directly for that purpose so that not only do the two medical schools benefit directly from these funds, but it enables Wisconsin to develop a third school concerned with the health of our public. This school would direct its activities to all health professionals and not simply to physicians and laboratory researchers.

I think we must recognize there is a basic difference in approach on the part of those rendering medical care and those performing public health services. People in public health are trying to reduce or eliminate threats to health, rather than trying to become more effective in dealing with health problems after they occur.

I agree that the latter should be supported, but I think we should remember that an ounce of prevention is worth a pound of cure, and I believe we should utilize some of the funds especially for this purpose. Thank you.

THE COMMISSIONER: Thank you. Next Frank Matteo.

MR. MATTEO: Commission O'Connell, I

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thank you for the opportunity to speak. I'm the Kenosha County health officer. I also serve on the Wisconsin Association of Local Health Departments and Boards. I was the co-president -- past co-president.

Today I'm going to read a brief memo sent to you by our Kenosha County Executive, Allen Keel, and I'll just add a couple of my comments. This should be short enough to get done in the allotted time frame.

I appreciate the opportunity to share Kenosha County's concerns regarding the Blue Cross Blue Shield plans for returning relevant assets to the public as the company converts from non-profit to for-profit status.

It is important to state at the onset that what we are discussing is the valuation, oversight, and distribution of over $250 million in public, not private dollars. Plans for these dollars should require as much scrutiny as is given the state budget. Use of the funds should reflect state public health priorities targeted towards citizens from whom these assets were generated.

Plans for these public health dollars should include an independent audit to determine the

relevant assets and their value, placements of the assets in an endowment fund which would generate interest for priority public health programs that include children, families, and older adults, oversight by a board whose members are representative of Wisconsin's public health needs, and a requirement that these funds be used for programs directed at unmet public health needs.

I would also add a couple other categories that these funds could be utilized for. One would be provide long-term funds to local public health departments to support ongoing implementation activities of the community health challenges that were identified in each community via the community health needs assessment process. Provide funding for health coverage for those not served elsewhere, especially oral health services, which we are severely lacking. Provide funding for the elderly to access quality medical services and to provide for their medications. Provide monies to address mental health education, the identification of mental illness, and the treatment of mental health illness among all age groups.

And, finally, I'd just like to add the final comments from our county executive. Every

county in Wisconsin has unmet public health and prevention needs that could be addressed with these dollars. It would be imprudent and unjust to allow these public dollars to be spent on bricks and mortar that have little value to Wisconsin citizens. Thank you.

THE COMMISSIONER: Thank you. Pat McManus, followed by Julie Patefield-Halvorsen, followed by Paula McGuire, and then Kathleen Blair.

MS. McMANUS: Good afternoon. On behalf of the Black Health Coalition of Wisconsin, I wish to thank the Office of the Commissioner of Insurance for holding these hearings and allowing the public a chance for unbiased input into this very important process.

The BHC is aware that the two medical schools held hearings; however, those hearings could not be considered as impartial, especially after reviewing the resultant report.

The BHC is an advocacy organization -- is an agency which is advocated for access to health care from many of the citizens of Wisconsin who otherwise would not have a voice. The BHC believes that health care is a right and that access should be made available to everyone regardless of age,

race, income, or gender.

Historically, health care systems have been non-profit, but their overall benefit to the community has come under question lately. Nevertheless, the money made while Blue Cross Blue Shield was non-profit should be used for the purposes for which it was generated. To be more clear, the money should be used to provide access to improved health status and for direct health care, not just education and research.

I realize that the time allowed to testify is limited, and, therefore, I'll move expeditiously to the points I wish to make. These are as follows: Issues. The continuation of racial and ethnic disparities in health care is well documented in literature. Milwaukee has experienced these disparities in many areas, especially infant mortality, cancer, cardiovascular, diabetes, and HIV. These disparities result in loss of life, loss in the quality of life, loss in days worked, in time at school, and also adds unnecessary expense to an already burdened health care delivery system.

There is also a documentation of disparity and access to quality services and the way in which health care is provided by health care

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institutions to people of color. There is a lack of people of color who are providers of service, set policy, engage in health planning, or impact resource allocations.

Many of the health disparities could be reduced with access to culturally competent community-driven primary health care, preventive health care, and health education. Many of the working poor in Milwaukee do not have access to health care services which are community driven, culturally appropriate, accessible, and affordable.

The closing of Doyne Hospital has placed an undue stress on safety net providers, such as community health centers and hospital located in inner city areas. The rate of hospitalization has increased due to the lack of access to primary care and religious services. Doyne Hospital provided a great deal of primary care services, as well as acute care to the uninsured.

Blue Cross Blue Shield made its money from providing insurance for direct patient care and not education. How can this opportunity to infuse millions of dollars in the health care system of Wisconsin best be addressed to benefit all of its citizens and not just a privileged few?

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Recommendations. Establish a health foundation. If there is concern about the administration of such an endeavor, work with the Milwaukee Foundation, who has expertise in this type of grants management.

Allocate 25 percent of dollars for health professional schools to foster education and research. A certain portion of these dollars should be set aside for primary care education, also to promote the recruitment and retention of providers of color.

Allocate 40 percent of the dollars to community-based safety net providers state-wide to increase access for the uninsured, to primary care prevention services, health education and specialty services, specifically the FQHCs and clinics, such as Mare Mahoney (phonetic), which are community based and community driven.

Allocate ten percent of the dollars for partial reimbursement to hospitals who provide more than 15 percent charity care on an annual basis.

Allocate 25 percent of the dollars to fund special projects designed to reduce or eliminate racial disparities.

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Specifically on an annual basis, dollars should be allocated to include, but not be limited, to the following: Ten million dollars for the State Office of Minority Health; 25 million for the development of a college preparatory health academy which will educate high school students of color in the roles of health care providers, health policy makers, health educators, and health administrators; five million to fund community-based research designed to reduce racial and ethnic disparities; 500,000 for scholarships to college students of color who are pursuing a degree as a health provider and who have agreed to work in underserved areas.

My final comment would like to be around the issue of stewardship and the question of the mission of the school. I would like to say that I am very concerned about the ability of the schools of Madison to be able to get past their primary mission of education. The question you asked earlier regarding comments that were made about whether they could or not, the conversion is not our issue as much as the foundation that's been set up that's really serving as a pass through of dollars to the medical schools rather than a foundation.

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Blue Cross Blue Shield conversions have occurred across the country. The reason for having the foundation was to avoid the concern that people have expressed about having all the money go to one entity, in this case, medical schools, to believe that they could serve the public good.

So I would like to state that while the question is asked in terms of whether it meets the best interest of the policyholders, it should be separated out because it may meet the interests of policyholders to make money, but it is not in the best interests for all the dollars to go to medical schools, that the dollars -- there are multiple stakeholders in health care, and they have to be considered that while they wish to allow themselves to provide themselves as stewards, I really question whether they can do that.

I also question the administrative role. One of the comments has been that they have an administrative structure already in place, but they're also talking about a combined total of $32 million for start-up. I find that contradictory to say that.

I think that a foundation, especially one like the Milwaukee Foundation, has very limited

community foundation, it has limited -- it understands how to do administration of grants and other types of dollars, and I think they would be a more appropriate steward of the money. Thank you.

THE COMMISSIONER: Thank you. Okay. Next I have Julie Patefield-Halvorsen, Paula McGuire, Kathleen Blair.

MS. PATEFIELD-HALVORSEN: Thank you. I'm Julie Patefield-Halvorsen, and the proposed conversion of Blue Cross Blue Shield United of Wisconsin from a non-profit to a for-profit corporation is a significant opportunity to enhance the health of the people of Wisconsin.

As a local public health nurse and administrator in Wisconsin for 22 years, I have some concerns about the proposed foundation structure and the distribution of public monies as proposed by Blue Cross Blue Shield United.

There are over a hundred local public health agencies in Wisconsin that along with their community partners do the bulk of work of public health, education, prevention services, such as communicable disease control, immunization programs, chronic disease prevention programs, and maternal and child health services.

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Local public health agencies in Wisconsin are charged with carrying out the three core functions of public health, which are community assessment of public health needs, policy development, which works at creating opportunities via the political process to benefit the health of all residents of Wisconsin, and assurance that needed services exist and are provided in every community in Wisconsin.

Nothing that I have heard today makes me feel more assured or comfortable that the monies Blue Cross is proposing to convert will truly serve the citizens of the pub -- of Wisconsin. Local public health agencies have not been consulted about this process. Largely, the Wisconsin Public Health Association has largely been uninvolved in this except peripherally.

Local public health agencies know what the needs are in their communities. They've conducted the community assessments. They just chronically lack the funds to implement many of the plans and need -- and to serve the needs.

I've been concerned about the -- what I think is a large amount of start-up funds that are being proposed, as I understand it, a total of $32

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million. I think that the Wisconsin Public Health Association and others could do this for a significantly smaller amount of money, including creating a new foundation and trust.

I've -- I'm concerned that we are continuing to be left out of the process, when in fact there are many public health planning processes that have been already noted by, for example, Dr. Seth Foldy mentioned the Turning Point process in Wisconsin. There's also the Healthy People 2010. So I believe that the needs for public health are known in Wisconsin.

I believe the most good can be done with the Blue Cross Blue Shield conversion money by assuring that a permanent, independent foundation is created to distribute public assets realized from the conversion. This foundation's governing body should reflect the diversity of public health expertise in the state and should be charged with improving the health of Wisconsin citizens.

I would ask that you modify the proposal from Blue Cross Blue Shield to not -- to not give all of the funds directly to the medical schools, but instead to have a true foundation, an independent foundation board that will assure

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actively that the funds are invested and the proceeds are spent in a way that will enhance and improve the health of the people of Wisconsin for hundreds of years to come. Thank you.

THE COMMISSIONER: Thank you. Next we have Paula McGuire.

MS. McGUIRE: My name is Paula McGuire, and I'm representing Senator Chuck Chvala, and I have a tendency to speak much quicker than Chuck, so if you need me to slow down, just let me know.

I would like to thank the insurance commissioner for considering this important matter. During the past several months, I have carefully monitored the progress of the Blue Cross conversion. As Senate Majority Leader, I believe it is imperative that the outcome of this conversion have a positive effect on public health care. Our top priority must be to provide assistance to those underserved individuals of Wisconsin.

There are numerous areas where most, if not all, interested parties are in agreement. I would like to briefly summarize those. First, a conversion from non-profit to for-profit status would be in the best interest of both Blue Cross and

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its policyholders.

Blue Cross owes something to this state because it has enjoyed the privilege of being a non-profit, and at least part of its existence it has not been subject to taxes.

The State of Wisconsin has yet to address a large amount of its public health care needs. All of the financial resources provided by the state via conversion would be best utilized by meeting those health care needs.

These funds offer a once-in-a-lifetime opportunity to address health care needs that might otherwise not get the attention they require.

And, finally, funds should not be needlessly squandered in the establishment of some new, costly bureaucracy.

I also recognize that there are several, but limited, areas where interested parties seem to have some disagreement. One appears to be the size of the asset that will be provided the public.

Blue Cross has offered 100 percent of its worth, as determined by the sale of company stock. Compared to offers, as well as settlements, in other states where conversions have already

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occurred, the Blue Cross offer certainly seems reasonable.

Most of the disagreement appears to be in the area of health care priorities. This has been emphasized by several of the speakers here today already. A greater emphasis agree -- A greater emphasis needs to be placed on medical assistance for those individuals that are underserved.

I think the University of Wisconsin Medical School and the Medical College of Wisconsin have made a good effort to try to determine the needs in Wisconsin but still are placing too much emphasis in the areas of research and education. Not enough emphasis is being placed on community needs.

Knowing the mission and the tradition of these two institutions, I can understand their priorities; however, I believe that more must be done to balance these priorities. Community organizations, community health clinics, and local public health departments all provide needed health services throughout this state and are in need of additional financial resources. More conversion funds must be made available to them. In reality,

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if there's any imbalance in where the funds go, it should be tilted toward meeting community needs.

What is beneficial about utilizing the two schools is that they are ready to go to work. Little new structure would need to be created. In addition, since one is a public institution and the other relies on partial public funding, the state legislature will be able to constantly review how well the schools are doing. We will be able to do this in part of the -- in part as the biannual budget process, through the regular oversight responsibility of the education standing committees, and through the Legislative Audit Bureau.

I hope that as you review the testimony presented at this hearing, the testimony submitted by interested parties, and the expertise provided to you by your staff and outside consultants, you will reach a decision that will enable Blue Cross to successfully compete in a health care market and make sure that the financial resources this provides the state are well utilized to improve the health care of Wisconsin residents. Thank you for considering my comments.

THE COMMISSIONER: Thank you. Next we have Kathleen Blair, followed by Michael Wherry,

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followed by Representative Scott Walker.

MS. BLAIR: Thank you. My name is Kathleen Blair, and I'm the president elect of the Wisconsin Public Health Association. I've worked in public health for 22 years, and I'm also the epidemiologist for the City of Milwaukee Health Department. And my comments today are on behalf of the Wisconsin Public Health Association. And we really do appreciate the opportunity to be able to address this issue.

WPHA believes that this conversion does have the ability to have a significant impact on the public and its health in the future in Wisconsin. Wisconsin Public Health Association is the largest multidisciplinary organization for public health in Wisconsin. We represent over 350 individual members and many organizational members, too, throughout the state.

WPHA is dedicated to promoting and protecting the health of the people of Wisconsin, and we are an affiliate of the American Public Health Association.

Our association has two major issues related to the proposed conversion, and we believe that both of these concerns relate to the interest

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of the public, which is the subject of this hearing today.

Our major concerns are, No. 1, that -- providing for a fair evaluation of the non-profit assets; and, No. 2, providing for an independent, permanent public health foundation that broadly represents the public health interests of the people of Wisconsin and that funds public health initiatives at a local level.

With respect to the first concern, we are thankful that you're engaging an independent firm to review the valuation, and we look to your office to assure that the benefits accrued through this process are returned to the public in ways which will most effectively address public health issues in our state both now and, importantly, as Dr. Foldy mentioned, in the future.

But with respect to the second concern, we believe that it's important that there be a public health foundation that's more independent in structure and more diverse in nature than has been proposed thus far. We urge that membership of the foundation board include a significant proportion of public health organizations and professionals who have both the

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knowledge and the expertise in assessing and addressing the public health needs of our state and local communities.

And we've heard time and time again this morning Professor Hickman pointed out that individuals in this foundation need to have devoted their lives and their careers to public health, and I see a foundation now that doesn't include those kind of individuals at all.

We also urge that the appointment of a foundation board be through a more public process than has been proposed. An independent public health foundation, with representation from a broad range of public health disciplines will create a pathway to better address the public health needs of our state than the current proposal does.

The two institutions -- The current proposal has a very prominent role for the University of Wisconsin Medical School and the Medical College of Wisconsin, and these two institutions are recognized as centers of excellence in medical research and teaching, and many speakers have pointed this out today. They contribute greatly to improving medical practice and ultimately individuals' health of our population. However, we

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believe the interest of the public would be better served by having public health representatives have a much greater responsibility for decisions on how these funds are actually going to be used.

Public health perspective is very different from the perspective of medicine. Public health practice focuses on populations, it focuses on groups of people who -- and we focus on collective behaviors, rather than individual lifestyles. Medical practice focuses on a special relationship between a physician and their patient. Public health research focuses on epidemiological, statistical, and social sciences. And public health research studies the population as a hole, and medical research tends to focus on individuals, acute care, and treatments.

We support the efforts of the two medical schools to strengthen their research, their teaching curriculums, and their outreach activities to include a greater emphasis on public health practice and prevention strategies. However, we are very skeptical that the leadership of the two medical schools will have the institutional support to sustain any public health vision in the future.

Therefore, we believe that the Blue

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Cross Blue Shield funds should be used to support public health programs at the local and community level because this is where public health is delivered. It's delivered on the local and community level.

Within the last couple years, there's been many of -- nearly all the Wisconsin counties and cities throughout the state have completed a scientifically based assessment of important public health issues for their communities. These assessments are most often led by local public health agencies but include very broad sector representations of the health care delivery system, from businesses, faith community, educational institutions, and these communities already know what the public health needs are in their communities, but they need the resources to put these plans in place, and I haven't seen any meaningful input in these plans from any of the local planning processes or, as several other speakers have mentioned, the statewide Turning Point process right now that's bringing together public health across the state to address public health issues in the next millennium.

THE COMMISSIONER: Can I ask you to

summarize your comments.

MS. BLAIR: We -- I guess I'd like to thank you for -- for holding these hearings, and once again, we would like to offer our knowledgeable and experienced members as willing participants in the process. Thank you.

THE COMMISSIONER: Thank you. Next Michael Wherry.

MR. WHERRY: Thank you, Commissioner O'Connell, for the opportunity to be here today as a member of the public. I have been a public member of the Council of the Medical College for over ten years and have had the opportunity to participate as a person somewhat involved in concerns about the public health of this state. I think that the previous speaker, when she mentioned vision as being very important, I think it's very, very clear that these two institutions are really what vision is all about, and that's why I'm very, very interested in lending support to the proposed Blue Cross Blue Shield plan.

What we have seen -- what we have seen in the advancement of public health and the welfare of the citizens of this state, certainly it's tied very directly to research and education, and having

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had the opportunity to be part and parcel of watching what's developed here in the areas of colon cancer through the Medical College of Wisconsin, macular degeneration, they have the foremost programs of the country in some of these areas, the Medical College does. And certainly the University of Wisconsin is equally adept at doing exactly what is necessary for our future needs.

The ingredient that is also present here, in addition to the forward vision of these two institutions, is that they have the infrastructures in place to do exactly what their plans say they can and will do, and that is inherently important in trying to muster the most that we can get for our citizens here in the way of advanced public health care for the dollars that are going to be available.

It seems to me that by diffusing the funds into numerous outlets -- And that doesn't mean that any of these outlets that are seeking access to the money, there's nothing wrong with that, any of those organizations. However, that's going to be counterproductive, in my view, to the future health care needs of the state because you're basically subtracting something from the two institutions here that are most capable of doing

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what is necessary to be done in the future. And the demonstrated ability, the demonstrated ability of the two institutions for the advancement of health care throughout the State of Wisconsin I think is exceptional, and that's why I think this plan -- this plan deserves the support that it's gotten, and it certainly deserves approval. And I want to thank you again for the opportunity to be here today.

THE COMMISSIONER: Thank you. Next we have Representative Scott Walker, Mary Louise Young, and Bill Godfrey. Representative Walker, this is an odd turn of the tables. I'm usually testifying for you and your committees.

REP. WALKER: Well, thank you for the opportunity to testify today. I actually presented you with written testimony, but as I often ask of those who testify in front of my committee or committees I serve on, I'll try and summarize some of those comments.

I also want to thank you, because in looking specifically at the statutes regarding this issue, you're simply required to have a public hearing on this and then act if you find a specific finding of a violation of the law or of a specific concern in terms of the interests of the

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policyholders or of the public in general, and I think you've taken into account the much broader interest by the public and by various groups in this, so I applaud you for that.

I'm going to summarize some points that actually I made in a letter, along with 32 of my other colleagues, to you back in August, where we mentioned our support for this plan, and in two particular areas, the first being -- And it's kind of interesting sitting and listening to some of the testimony. I think unlike other states that have gone through this conversion, the focus of some of the concerns that have come up haven't been on the Blue Cross element; it's been on how those funds ultimately would be allocated, and I think that's credit to Blue Cross Blue Shield United of Wisconsin that ultimately they felt it was appropriate to take all the funds and put them into this source, and I think that bodes well, considering some of the examples we've seen in the past from other states where it's been a rather long and drawn out process. So, first of all, I want to highlight that.

The second part deals with the specific issue of the University of Wisconsin or the Medical College of Wisconsin. Now, I have a bias.

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The Medical College of Wisconsin is centered right in the middle of my district in Wauwatosa. I've had a fair amount of time working with them and working with their affiliates and their involvement not only in Wauwatosa, but in the greater Milwaukee community, so I certainly have a great belief in what they do, but also as a part of the Assembly Health Committee, I've toured and interacted with the University of Wisconsin Medical School and seen much of their activities, and I think, again, listening to some testimony here today, that if you were ultimately to modify in any way the plan that's put forward -- put forward, the one thing I would stress and the one thing that we liked -- we being myself and many of my colleagues in either party -- was the accountability that's intact initially through having these two medical institutions in play, and if you were to modify it in any way, I would hope that you would include in that modification that same level of accountability.

I heard in the testimony offered by Senator Chvala's staff the talk about the fact that these two institutions, because of their funding sources, have to be accountable to the legislature, to our standing committees, and to the Legislative

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Audit Bureau, as well as to the executive branch, and I think that's important because when we're dealing with this size money, it's not just the issue of public health, which I think is vitally important, but it's making sure that for the long term, we're accountable as to where those dollars are, where they're ultimately spent, and how they're spent, not only for the money that's set aside in this particular venture, but also so that we can make good budgeting decisions in the future as far as the legislature and the executive branch in looking to see where those successes are. So I would hope that accountability would be a key factor in this.

And ultimately, again, I submitted written testimony. I won't expand. Those were really my two key points. Ultimately, I would ask you and your office to move forward on a timely basis with approving this plan because I think it's a good one for the state. Thank you.

THE COMMISSIONER: Thank you. I'll let you off easier than your committee usually lets me off.

REP. WALKER: Thanks.

THE COMMISSIONER: Next we have Mary

Louise Young, followed by Bill Godfrey.

MS. YOUNG: I am very honored to be here following my representative from Wauwatosa. I live in Wauwatosa, and I'm pleased to follow up. It's a -- it's a great coincidence.

I have a very brief comment in that I am hoping that your process will include case studies of individuals and families who have received for-profit care under Compcare, which is the for-profit part of Blue Cross Blue Shield.

Our family situation may indeed be unique, an aberrant, an exception to the rule, and I hope it is. But my wish is that you will do outreach and get testimony and do case studies from those of us who have received for-profit care already.

I also was distressed this morning to see that community groups are not allowed to present testimony. Unfortunately, those of us who have medical needs are intimidated and scared by a process such as this, and having community groups that can speak for us keeps us out of the limelight and makes it so that we are not some pathetic show. So I wish that you would do case studies and take the time to open medical records and look -- It may

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be that I'm just part of one piece of a mosaic. I'm asking you to look and see if there is a larger pattern of difficulties in for-profit systems.

THE COMMISSIONER: Thank you. Okay. We have Bill Godfrey next, then Les Weil.

MR. GODFREY: I am Bill Godfrey, and I appreciate this opportunity to speak. I'm here, Commissioner, to show support for the conversion plan and for the proceeds to be used by the Medical College of Wisconsin and the Medical -- and the University of Wisconsin Medical School.

I am a private citizen, chairman and CEO of Techer Corporation, headquartered here in New Berlin, Wisconsin. I've been a lifelong resident of Wisconsin and plan to remain here even after my retirement.

I served on the board of the Medical College of Wisconsin from 1982 to 1994, and I'm now an emeritus trustee, and I think this is important only to the extent that I really got a good look at the -- at the Medical College of Wisconsin during that entire time and continue to monitor, and I think it is one of the finest independent medical schools in the nation, as exhibited by its caliber of the professorial talent, the size of its clinical

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practice, the hospitals with whom it's allied, and the significance of its medical research program. Moreover, it has become a significant employer in Southeastern Wisconsin.

Now, as a businessman, I support this plan. Similar plans are being taken by others and have been taken by others in the country, because they see this as a means to stay competitive, and I'm sure Blue Cross Blue Shield is no exception to this.

This allows them to be one of the significant factors in assuring health care for many of us in the State of Wisconsin. Yes, they have competitors who are also good, but they are a Wisconsin-based company who can provide employment for many and knows us best, the residents of Wisconsin. So I would encourage you to re -- to view this plan on a positive basis.

Now, why do I support the proceeds going to the state's two preeminent medical schools? There are many reasons. I will mention two. The money going to them provides a focused, long-term, coordinated strategy to improve Wisconsin's quality of health. It's my understanding, and as I've seen it happen, the medical schools have worked hard to

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avoid duplication that would result in unhealthy competition between the two, and this statement can be supported by the fact that both medical schools have a history of statewide collaborations and partnerships with civic and health care organizations.

Secondly, the infrastructure already exists within those two medical schools to support programs to improve the quality of health for the people of Wisconsin. A portion of the proceeds does not have to be spent to develop or improve the infrastructure.

While I was on the board, I was continually impressed with the effectiveness of their administrative processes and controls to assure that the money spent would result in good doctors and worthwhile medical research.

Now, why am I supporting the Medical College of Wisconsin's involvement in the plan? Their plan for use of the proceeds includes actions that would not only focus on today's health care, but would also focus on tomorrow. While this is not a new thought, it's exciting for me to know that they will now have a better opportunity than ever before to consider how they can make a meaningful

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contribution to our health and well-being for the future.

Most of us have seen in retrospect where our deceased or elderly grandparents, parents, relatives, or friends would have been better served had the medical profession known then what they know now. I should know. I have a younger sister who is now in the latter stages of colon cancer. She'll probably not live much longer, as colon cancer research is far behind some of the other cancer researches. My -- Two years ago, my older brother died of lymphoma, and I submit that had the research in these fields been farther along, the costs of care for them would have been less, and perhaps I would have both of them alongside me as I speak now.

Another very exciting part of this plan is the significant piece of what the Medical College of Wisconsin wants to do with respect to education and leadership for public health. As a part of that program, a consumer outreach effort will be developed. There'll be expanded access to health information through computer web sites and civic programs. In other words, they want us, our children, and grandchildren to participate in developing solutions to better control health care

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and eradicate some of these life-changing diseases.

I know how I've been frustrated in the past -- and I'll shorten my remarks -- with charge -- with being charged that I'm part of the reason the medical costs are going so high, but yet what am I doing about it? I think this is a perfect example of what's going to be done with it that we, the public, will be able to participate in the future through some of these programs they propose.

THE COMMISSIONER: Can you summarize --

MR. GODFREY: So I generally --

THE COMMISSIONER: Can you summarize your remarks? Our time just went out.

MR. GODFREY: Okay. I'm right at the end. So I generally support this thing, and I believe that you are being presented with an idea that could in many ways revolutionize the health care field, but I urge you to do two things.

No. 1 is determine that the plan has effective controls within it so the intended benefits can be achieved; and secondly, support it so we residents can see health care advance at proportions we've never seen in the past. Thank you very much for your time.

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THE COMMISSIONER: Thank you. Next we have Les Weil, and Mr. Weil will be followed by -- Actually, I hope Miss Young is still in the room. She had indicated that she was concerned that the community groups might not have an opportunity to speak, but after Mr. Weil, I have attached a number of speaker slips from a group, seven speaker slips, and what this group has agreed to do is consolidate their testimony into a half hour presentation. So following Mr. Weil, we will hear from the Wisconsin Coalition for Advocacy, ABC for Health, Inc., and AARP. Rather than each of these individuals taking up their full five minutes, they're going to work together to reduce the total amount of time of the testimony. Mr. Weil.

MR. WEIL: Thank you. Up til nine years ago, I think I was like the majority of people in the State of Wisconsin, interested in building a business, educating my children, enjoying life, and health care in general were things people solicited me for for different diseases.

Nine years ago, my youngest daughter was diagnosed with cancer. That's something normally I think people, most of us, think happens to other people, other states, other areas, but, in

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fact, it happens right here in Wisconsin, right here in our own neighborhood.

My daughter died in 1993. Since that time, I've been involved with both the Medical College of Wisconsin and the University of Wisconsin in Madison putting -- helping finance laboratories in my daughter's memory at those two facilities.

My personal feeling is that this is a wonderful opportunity for the state and for the residents of our state and our country. With the financial considerations that are in question here, there's a phenomenal amount of things that we are talking about doing to improve the quality of life, and, in fact, as the speaker before me mentioned, more and more of us are getting ill with cancer and other diseases that research can provide the answers to.

Just in a short term in the six years since my daughter's death, I have seen new and better treatments made in pediatric oncology, and all due to research, and some of that top -- the top-of-the-line research is being done in both facilities right here in Wisconsin. And the financial support that the Blue Cross Blue Shield situation can provide will be a phenomenal resource

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to the future of the residents of this state. Thank you.

THE COMMISSIONER: Thank you.

MR. PETERSON: Thank you, Commissioner O'Connell. My name is Bobby Peterson. I'm the executive director of ABC for Health, Inc., a member of the coalition of groups that are concerned about this conversion and how the process is unfolding.

I'd like to briefly introduce my colleagues who will be following my presentation. Jeff Spitzer-Resnick from the Wisconsin Coalition for Advocacy, attorney and physician Raymond Larauuso from ABC for Health, and Ellen Rabenhorst from the AARP.

ABC for Health is a non-profit public interest law firm. We've been around for five and a half years working on health care access and advocacy issues on behalf of families and children, helping them understand the confusing health care financing system that's out there, and making sure they get the health care that they need and deserve.

In that time we've been busy trying to put together resources, find resources, advocate for families to make sure that they're getting the care, but oftentimes frustrated by a lack of community-

level resources for the families that we work with.

We have a longstanding tradition of working with local health departments. ABC for Health is a member of the Wisconsin Public Health Association. I am a member of the American Public Health Association, where I co-chair a committee. We've been a law firm that's been dedicated to the public health community since our start.

I'd like to apologize at first to the press for not having scripted remarks for you. Unfortunately, our remarks are going to be a little more off the cuff and hopefully a little more from the heart, but we'll do what we can to talk with you afterwards about what's -- as the process is unfolding.

I'd also like to let the commissioner know that we were disappointed in her decision to exclude us from party status but heartened by the prospect of being involved anyway by allowing for extended testimony, cross-examination, and we're looking forward to a status conference with you and Blue Cross to see how we can actively help in your role in making sure that a decision -- final decision is in the public's interest.

I want to comment a little bit on the

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history of our coalition. Many times in this process it's felt a little bit like David versus Goliath because we've got a small group of folks trying to make sure that the public interests are served, and we've been working on this since before the announcement.

We started back in 1998, in the early spring of 1998, conducting a couple of community education events, one in Milwaukee, one in Madison, with our health watch groups, taking a look at the issues surrounding Blue Cross Blue Shield and its for-profit subsidiaries to determine if a conversion had already taken place prior to their announcements. We held some community meetings, we met with the commissioner, and we met with the attorney general to discuss some of our concerns.

Another community education event that I was involved in as chair of the State Bar Public Interest Law Committee section, we held an event in Green Bay where we pulled together national experts on conversions from Consumers Union, from community catalysts, from two states that were involved in litigation-related conversions, and two weeks prior to the event, Blue Cross Blue Shield stunned us with the announcement that they were converting.

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We were both pleased and concerned. Part of the -- We were pleased by the fact that Blue Cross Blue Shield was announcing that, yes, they were going to convert and money was going to become available to the public. However, we view that there were fundamental problems with the proposal as submitted.

First, we were a little stunned by the politically orchestrated bullet train that took off after the announcement on June 2nd. When Tommy Thompson and Jim Doyle are on the same platform and Chuck Chvala and Scott Jenson are signing letters together, something's going on.

Well, this thing took off like a speeding bullet. In one of our first meeting with the commissioner and her staff, she indicated that at times the commissioner's office has to step in front of a speeding train. Well, Commissioner, I want you to know that we're on the tracks with you, hoping that this process works out for the best interests of the public.

Some of the major problems that we have with this announcement and with this proposal are based on the law, the Charitable Trust Doctrine and the Si Paret Doctrine, two elements of the law

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that we feel show that this money ultimately needs to be reverted back to its original public purpose and that this is public money, so we're concerned over the fact that Blue Cross Blue Shield, in their announcement, designated two beneficiaries of this -- of these funds, rather than engaging a public process and a publicly selected board of a foundation and creating a public foundation to address the public health needs of the people of Wisconsin.

As you know, the Blue Cross Blue Shield associ -- or organization was created back in 1939, I think with a meager $5,000. Look how that has snowballed into an unimaginable amount of cash and assets that stagger most average citizens. Thirty-three years of state tax exemption; 48 years of federal tax exemption. The public was right there with Blue Cross Blue Shield helping them to develop into the large corporation they are today, and now the public deserves the payback of all those years of standing with Blue Cross and Blue Shield, helping them develop as a large company, and we believe that a publicly traded foundation is the best part ot of what could come out of this plan to help the people.

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Right now I'd like to turn the mike over to Jeff Spitzer-Resnick who will detail a little bit about some of the transactions that have occurred and then will talk about the proposals from the two medical schools and Ellen will finish up by talking about what we believe an appropriate structure might be for the use of these funds.

MR. SPITZER-RESNICK: Thank you, Bob. Good afternoon, Commissioner O'Connell. As Bob said, I'm Jeff Spitzer-Resnick from the Wisconsin Coalition for Advocacy. We are Wisconsin's protection and advocacy agency for people with disabilities. And prior to getting into some of the prior transactions that are at issue here, we believe, and we urge you not to ignore them, I need to say that in review of the two medical schools' proposals and what has been said today is very little, if anything, has been discussed about the number one priority for people with disabilities which is long-term care. And I appreciated the comments of an earlier public testifier about the underfunding of long-term care and the actual people who deliver those being personal care assistants and nursing assistants.

As Bob alluded to, we became involved in

this issue on conversion prior to Blue Cross's announcement. And the reason we did that is because we believed then and we believe now that Blue Cross began its conversion process in 1983. And neither you, Commissioner, nor the public should be snowed by Blue Cross Blue Shield's intimation and suggestion that it will convert 100 percent of its assets into -- into the foundation. Because, in fact, it has already diverted significant parts of its company that have not been accounted for. In 1983 it created United Wisconsin Services. In 1991 Blue Cross Blue Shield gave Denticare, Compcare, the largest HMO in the state, to United Wisconsin Services. Just gave it to them. Blue Cross Blue Shield received no money for those transactions, thereby devaluing the worth of Blue Cross Blue Shield.

In 1991 Blue Cross Blue Shield sold 20 percent of its United Wisconsin stock for $20 million. All that money went back to United Wisconsin Services. Now Blue Cross Blue Shield only owns approximately 38 percent, although I believe it has suggested that it is moving towards 51 percent even prior to your approving the conversion. In 1998 it created another for-profit American Medical

Services. Blue Cross Blue Shield considers UWS products its own, including Compcare. It advertises, if anybody has been watching advertisements, a rather large scale advertising campaign throughout the state. The comfort of Blue is what Compcare is, a for-profit company, and I would be interested to know what the Blue Cross Association apparently licenses that trademark to the current for-profit Compcare.

So I would suggest to you, Commissioner, that the supposed restrictions Blue Cross Association on this conversion have already been dealt with on many of the for-profit issues currently.

Blue Cross Blue Shield regularly gives its stock dividends and has given its stock dividends in the United Wisconsin Services plan back to United Wisconsin Services. United Wisconsin Services has borrowed money from Blue Cross Blue Shield and Blue Cross Blue Shield has in turn guaranteed United Wisconsin Services credit. UWS has a service agreement with Blue Cross Blue Shield and Blue Cross Blue Shield pays millions of dollars to UWS for services. In fact, Blue Cross Blue Shield sells UWS products. There is significant

overlap which has changed in time in terms of the exact people between both executives and boards of directors of these two entities. In fact, in 1997, according to Security Exchange Commission reports, Mr. Thomas Hefty, who has long been the CEO of both corporations received cash compensation from UWS of over $570,000 and over a half a million dollars in stock options in that company, let alone apart from his compensation from Blue Cross Blue Shield.

Now, this all relates to the valuation. And we understand that a contract has either recently been signed or is about to be signed between the commissioner's office and Deutsch Bank which is about to do the first real independent valuation of Blue Cross Blue Shield. It is critical that this valuation go back to 1983 when that conversion began to take place. We're glad that the appraisal committee which has qualified people on it will be examining this, and we look forward to the opportunity to question exactly how that appraisal committee did its work, how the investment banker did its work, and to ensure that all the value is captured, regardless of where this money goes. You will hear comment from Mr. Larauuso and Ms. Rabenhorst after me that we question where it is

planned to go. Even the two medical schools should be interested, if they are to receive all the money, that the most money available and the true value of Blue Cross Blue Shield in fact goes to this nonprofit.

We're very pleased that Blue Cross Blue Shield concedes that 100 percent of its value goes to the foundation. The question is what indeed is 100 percent of the value? That statement which seems so obvious is actually far more complicated than one might think. In fact, Mr. Platter from Donaldson, Lufkin & Jenrette gave some very interesting testimony which showed exactly how murky that is.

Mr. Hefty testified that this would be an arms' length transaction between the foundation and the future purchasers of stock. In fact, the document that is before you in the Blue Cross plan highly restricts the ability of Blue Cross, excuse me, of the future foundation to sell the stock. And, in fact, the Blues -- if they are to purchase the stock back, have no requirement to purchase it for fair market value. Thereby, 100 percent of the value in stock certificates does not necessarily mean 100 percent of the actual cash

value. They have the right to be a first bidder of stock. And given the appointment of five of the nine Board of Directors of this foundation by Blue Cross Blue Shield, we find it highly skeptical that they would not be beholden to the people who in fact appointed them.

Mr. Platter said Blue Cross Blue Shield was a small industry participant. We must acknowledge that Blue Cross Blue Shield is the largest health insurer in this state. And it may be a small industry participant in the national scale, but by no means is it in the Wisconsin scale.

DLJ, Donaldson, Lufkin & Jenrette, only looked at two options; cash or stock for the foundation. A far more sophisticated approach would be to look at a combination of the two. There is absolutely no reason why the foundation should be stuck with 100 percent of the stock, which as Mr. Platter quite rightly said, it is impossible to predict what the value of that will be over the five-year divestment plan of that stock. Whether or not Blue Cross Blue Shield has sufficient cash assets now, the entire point of the conversion is to raise significant cash through capital appreciation of this stock that it plans to sell to the public.

It will obviously have significant cash outlays, particularly if the foundation does not own 100 percent of the stock. The future investment banker, excuse me, the investment banker, Deutsch Bank, must look at that.

And finally, DLJ in making its estimate has -- this wide range of 146 to $600 million, asserted that it looked at United Wisconsin Services and AMS. But what clearly it did, and in fact, if you look at Mr. Platter's testimony, what he said was it looked at Blue Cross Blue Shield's current investments in UWS and AMS. We would suggest that the entire value of UWS and AMS which were created out of whole cloth from Blue Cross Blue Shield and have never been paid back to Blue Cross Blue Shield is entirely owed back to the public and Blue Cross Blue Shield should not be allowed to escape its conversion obligations which it has done so far for sixteen years. Thank you, and I'll now turn it over to Mr. Larauuso.

MR. LARAUUSO: Thank you. My name is Ray Larauuso. I'm a full-time attorney at ABC For Health, and prior to that position I was on the faculty of the University of Wisconsin Medical School as an associate professor of anesthesiology

and pediatrics. Much of what I was going to say has already been said, but I'll just summarize a few points.

The plan offered by Blue Cross Blue Shield is to give all of these public funds to the two medical schools. The strength of the two medical schools is clearly indicated in their proposals, and that is teaching and research. Although they profess they'll use -- that they'll meet their obligations with this money using already existing structures, in fact, there is a large amount of money being used for start-up funds, two new deans in Madison and a new institute in Milwaukee. There's also a little of the money designated by the medical schools to go directly into the community. And as the Medical College of Wisconsin states, they are not a fund -- a grant-making agency and therefore would have to create a new structure for that.

There can be no doubt that the plans, the research and professional education programs of these two medical schools are outstanding and have brought immense benefit to the people of Wisconsin and far beyond our borders. There can also be no dispute that these efforts need to be continued to

be funded and perhaps even have increased funding. However, the Blue Cross Blue Shield funds offers a unique opportunity to complete the process of health care delivery. This process begins with medical research and basic research and continues with clinical research, and then goes on to the education of health care professionals and ends with the provision of both health care and preventive services to the people of Wisconsin.

We've heard today a number of illnesses, of people speaking about a number of illnesses that are not addressed adequately. Many people in Wisconsin don't benefit from the research and training programs of the two medical schools because they don't have access to health care. The barriers are many and we've heard about some of them today. They're cultural, very much financial. There is a barrier of health care literacy, understanding of health care issues. To address those people's needs requires that these funds be used to go directly into the community, and we've heard from county health organizations, public health association, public health offices. This is a way to take the amount of money that's spent on research, and the medical schools have pointed out

that they have $260 million of research funds, and many more millions for education. These monies are well spent. But if the Blue Cross Blue Shield conversion is actually worth $250 million and that's used as an endowment, in fact, it will generate really a much smaller amount of money to be used on a yearly basis; perhaps $10 million or $12 million. And yet, if we use that money to bring direct, preventive and treatment services into the communities where people don't get these services, it will greatly enhance the value of the hundreds of million dollars spent on medical education and research.

The best way to do this has also been described by a number of other speakers. That is to have a foundation independent of any interest group or any particular institution. That foundation would have input from many institutions, not just the two medical schools, Marquette dental schools, schools of nursing, schools of pharmacy, professional organizations like the American Academy of Pediatrics, the Public Health Association, particular interest groups like the American Diabetes Association, American Heart Association, in particular county health departments, and very much

consumers. And with this information this agency -- this foundation can make grants that would go directly into the community, often to these same organizations, that would bring both health access and preventive services directly to the people of Wisconsin. Thank you.

MS. RABENHORST: I'm Ellen Rabenhorst representing AARP State Legislative Committee. We're the branch of AARP that is authorized to represent the interests of all our AARP members in Wisconsin, and this is the case in other states also. All of our state legislative people are volunteers. We have only four paid staff for the entire state of Wisconsin, and that's at the state office in Madison. We have a large stake in this matter, because, as you know, elderly people use a disproportionate share of the health care services. And, also, we not only have many policyholders with Blue Cross Blue Shield, but everyone on Medicare here is also -- has their services for their claims through Blue Cross Blue Shield.

I'm wanting to concentrate on the election -- selection and makeup of the proposed foundation board. If the foundation is to truly serve the public health needs of all of the citizens

of the state, the board members must reflect the diverse population, especially the underserved and vulnerable populations. Therefore, the members must be chosen from these ranks and from the agencies which serve them and are closest to their needs. To avoid conflict of interest and also avoid continuing to serve the interests of Blue Cross, board members should be entirely independent of the former structure.

The experience of other foundations shows that the most effective way to avoid bias is to establish a community advisory committee which chooses the board members of the foundation. The members of the advisory committee may be appointed by an objective regulator, such as the commissioner of insurance. Once established, the advisory committee should choose to function as an independent nominating -- should continue to function, excuse me, as an independent nominating committee choosing the board members who reflect all segments of the community and who have the experience and expertise needed to successfully govern the foundation. They should act as advisors to ensure that the board carries out its public health mission. The proposed board structure by

Blue Cross does not meet this criteria. It is basically flawed. It is selected by Blue Cross Blue Shield which should have no further control over the assets which it is supposedly turning over to the citizens of the state. There is no barrier in the plan to Blue Cross Blue Shield's self-interest rather than the public being served. There is no fresh air of public influence and ideas, no review by the public. The Blue Cross Blue Shield proposal is simply not acceptable because it does not allow any public control over public funds.

We urge the Commissioner to create an entirely independent foundation by creating -- by creating an entirely independent governing board. As a further safeguard, we urge that the members of the board be chosen by a community advisory committee to be given an ongoing role in keeping the foundation in close touch with the community and its public health mission. Thank you.

MR. PETERSON: Ken Germanson from our coalition also from Healthwatch would like to speak for about 30 seconds or so.

MR. GERMANSON: My name is Ken Germanson and I'm employed by Community Advocates which is an advocacy agency serving low income families in the

Milwaukee area, and we staff a health watch coalition which has about 80 organizations in the area that are concerned about the access to quality health care for low income families. And we have joined on with the coalition with our concerns and have submitted a statement to that effect. We are not lawyers. We are lay people in the community. But our three major concerns is that you do develop a strong independent evaluation, which you are doing, and we hope that that is thorough in regards to what ABC For Health has recommended. And that you do statewide hearings like this. And we hope these are sufficient for you to get a full flavor of the feel of the state to this issue, and that you do create a permanent endowment with the proviso that there be strong community input into that process.

We are very concerned about this process being run primarily by the two research institutions, as great as they are, without sufficient awareness to the day to day needs of the families we serve. I welcome you into our office sometime to listen to the phone, and that's where I'm going right now, so we can serve these families. Thank you.

THE COMMISSIONER: Thank you. Okay. Our

next speakers are -- I want to thank those that turned in speaker slips but forewent their opportunity to speak in order to afford the time for the coalition. Next we have Tom Frazier from the Coalition of Wisconsin Aging Groups. If Charles Asherman is present. Then Jeanan Yasiri are our next speakers. So, Mr. Frazier.

UNNAMED PERSON: I think he might have left.

COMMISSIONER: Charles Asherman. Jeanan Yasiri. I have a feeling I'm butchering your name too.

MS. YASIRI: No, actually, it's very well done. Would you like me here or on the other side?

COMMISSIONER: Wherever is comfortable. And then followed by Amy Wergen.

MS. YASIRI: Thank you, and good afternoon. I'm Jeanan Yasiri, manager of community services in the department of patient advocacy for Dean Medical Center. Dean is a for-profit multi-specialty group practice with more than 400 physicians serving patients throughout a 17-county area in south central Wisconsin. Dean has a very proud tradition of providing meaningful service to our communities. In addition to developing a

nationally recognized health benefits counseling program that assists uninsured patients in accessing health care, we've also enjoyed numerous positive partnerships with public health, school health and community-based health agencies.

As a result of our strong involvement and commitment to public/private health partnerships, we do feel that the proposal submitted by the two medical schools are lacking in some critical areas, and that's what I'd like to share today. But first, I'd like to share a very brief story with you. Dean is a founding partner in a public-private community based collaborative called the Dane County Coalition for Neighborhood Child Health. Through this partnership we co-host neighborhood-based clinics for low income children in our county and continually see need for a full range of services including physical examinations, immunizations, and other screenings including dental care. At a recent clinic in Madison we registered 150 children in the first 50 minutes of the clinic. The needs that we saw were tremendous and reflective of the issues affecting many Wisconsin children. Two of every three families were non-English speaking. Some 10-year-olds were presenting without

ever having had the benefit of immunizations in their lifetimes. Many children had severe dental problems, including abscessed teeth. Sadly, follow-up dental services were virtually unavailable to the uninsured, and even the Medicaid eligible children, as so few dentists in our state participate in that program.

I share this example to help put into perspective the enormous needs that low income children and their families have in regard to basic, primary health care services in our state. In regard to the plan submitted to OCI, we were disappointed that both focused almost exclusively on expanding current academic programs and research efforts with little consideration for direct assistance in enhancing access to health care for the underserved.

We feel at least three areas deserve substantially more attention than the proposals; access to primary health care, mental health services, and dental care for uninsured and low income patients. As we have this once in a lifetime opportunity to make an unprecedented financial investment in public health, we feel consideration should be given to areas that are in the immediate

interest of the public. If OCI takes a look at other states where Blue Cross Blue Shield plans have converted, you'll see that in many cases community based clinics specifically targeting underserved citizens have been established. Additionally, independent granting sources have been established. While a focus on serving the underserved is a common theme through the proposals submitted in other states, it is noticeably absent from the documents presented by the medical schools here.

The UW plan does say it will provide grants through a community and rural health fund, but the projects must establish partnerships with UW medical faculty and staff. We feel projects that are truly collaborative in nature should look well beyond just UW partners to offer resources, direction, and expertise to enhance public health initiatives. The proposal also indicates that the medical schools will oversee use of the gift, so as to avoid the likely and nearly unavoidable organizational control that an institution might be compelled to impose, we feel there should be an independent public health foundation established to oversee these funds. This would provide assurance that decisions will in fact align with activities

that truly impact issues affecting public health as opposed to the agendas of the beneficiaries.

Finally, the UW plan states that 25 percent of the initial $20 million allocation would be used for establishing infrastructure. This needs to be more clearly defined so that the Commissioner and the public can more accurately determine if the UW's intent for infrastructure development is in fact in the public's best interest.

I want to thank you for the chance to provide comment on this extraordinary opportunity to enhance public health in the state of Wisconsin. We hope that you will make every effort to be certain these dollars are in fact spent on the health of our citizens and not on the agendas that primarily serve organizational interests. Thank you.

COMMISSIONER: Thank you. Okay. Next we have Amy Wergen, followed by Catherine Lange, followed by Jaemin Kim and Frank McLoughlin. Is Amy Wergen present? Catherine Lange?

MS. LANGE: Good afternoon, Madam Commissioner. My name is Catherine Lange. I'm the director of policy analysis research and planning at the American Cancer Society. Thank you for this opportunity to provide brief oral arguments

regarding the conversion of Blue Cross Blue Shield of Wisconsin and the creation of endowment to fund important public health projects throughout Wisconsin.

The American Cancer Society will submit more substantial written comments to the department this week which will focus on four areas. First, our support for an endowment with the grant from the Blue Cross Blue Shield United of Wisconsin Public Health Foundation. Second, the creation of an alliance with the American Cancer Society Wisconsin Council to develop facilities where cancer patients and their families can stay free of charge during treatment at one of the Wisconsin cancer care centers. Third, the investment in a public/private initiative to combat tobacco use in Wisconsin. Fourth, the establishment of an independent health policy research think tank in Wisconsin.

The funds generated by the conversion of Blue Cross Blue Shield present a tremendous opportunity to make a positive difference in the health of Wisconsin residents. The American Cancer Society is dedicated to eliminating cancer as a major health problem by preventing cancer, saving lives, and diminishing suffering through research,

education, advocacy and service. Therefore, our interest is mainly in which projects, programs or activities the Medical College and the University of Wisconsin Medical School will be looking at for investment of the public health foundation grant funds.

Wisconsin can be proud of the exceptional health and cancer care facilities available here that serve people from not only Wisconsin but across the country. People come here to receive some of the best cancer care available anywhere, yet we know there's a strong competition throughout the country for health care business and cancer research funding that requires a community partnership to maximize the potential in Wisconsin. We would like to commend the Medical College of Wisconsin and the University Medical School for their commitment to the development of an endowment so that the funds generated from the conversion can have a long-term significant impact in Wisconsin. However, we strongly urge Blue Cross Blue Shield to develop a board of trustees that is more representative of Wisconsin. Specifically, we hope that a diverse board will be recruited and made up of local and national health organizations, law

makers, business representatives, public health departments, health care professionals, and citizens.

Given the financial impact on Wisconsin public institutions the conversion would generate, we believe that an endowment governed by community leaders would increase the credibility of the endowment and the programs that it would fund. In addition, the American Cancer Society believes that Wisconsin needs an independent public health policy research institute. We envision an entity that can serve as a watchdog of state and local governments, health insurers and other health related institutions and programs. Furthermore, such an organization could drive sound health policy decisions and comprehensive public health policy development that takes into account all aspects of prevention, early detection, and treatment. Thank you for this opportunity to speak. As I mentioned, we will be providing written testimony to the department at a later date.

COMMISSIONER: Thank you. Okay. Frank. Frank? Mr. McLoughlin?

MR. McLOUGHLIN: Yes.

COMMISSIONER: Whichever order you two

want to go in.

MR. McLOUGHLIN: Thank you very much, Commissioner. I think I'll start. My name is Frank McLoughlin. Thank you very much, by the way, for the opportunity to address this hearing today. And I'm a staff attorney with Community Catalysts. We are a national advocacy organization that builds consumer and community participation in the shaping of our health system to ensure quality and affordable health care for all. With Consumers Union we have formed a community health assets project, which is a 50-state effort to ensure that assets are protected and community health is preserved following the conversion of nonprofit health care institutions.

I'd like to take this time to briefly address some concerns that we have about the foundation, and then my colleague, Jaemin Kim from Consumers Union, will be addressing some of the issues related to the valuation process. As you know, and as you've heard repeatedly today, Wisconsin is not the first state where a Blue Cross Blue Shield conversion has caused controversy. In every state, every single state, where Blue Cross Blue Shield conversions have occurred community

groups and regulators have had to challenge in one way or another these deals to protect the public interest. And as was mentioned earlier by some of the local coalition groups, our interest, both Consumers Union and Community Catalysts, came about in the spring of 1998 as we joined local groups in investigating the for-profit subsidiary issue involving Blue Cross Blue Shield United of Wisconsin.

In some cases across the country, such as in Cleveland, Ohio and North Carolina, community advocates have taken the lead in preventing what might have been disastrous conversion plans where only a small fraction of charitable assets would have been dedicated to public benefit. In states such as Missouri, Kansas and Connecticut, regulators have been forced to litigate to preserve charitable Blue Cross Blue Shield assets. In Georgia, community organizations took it upon themselves to sue a Blue Cross Blue Shield plan that had no intention of transferring any funds for the public benefit. Even in the so-called success states such as California, Colorado, and New Hampshire where Blue Cross Blue Shield conversions have resulted or we hope will

result in the full preservation of assets, public input in the regulatory process has been an essential part of ensuring that the final foundation plan is in the public interest. In all of these states it has taken concerted effort from regulators and concerned residents to make Blue Cross Blue Shield plans acknowledge their legal obligation to conform to the charitable trust doctrine.

Well, despite some of the positive aspects of the plan that's been proposed to you today, it's my sad duty to report that the plan that has been proposed by Blue Cross Blue Shield United of Wisconsin and the two medical schools violates many aspects of the charitable trust doctrine. When a conversion occurs, charitable trust law dictates that the assets possessed by the nonprofit should be transferred to an organization having a purpose similar to that of the converting entity. So, if the March of Dimes, for example, were to convert, you would expect and the law would demand that those assets be placed in a similar organization serving the needs of young children, for example. It would probably not be appropriate to put those funds into an organization or foundation that serves the interest of seniors to cite a counter-example.

The proposed foundation in this instance has a purpose to promote the general health, welfare and common good of the residents of Wisconsin solely by supporting public health initiatives to be developed by the two medical schools. This is both too broad and unrelated to the reason why Blue Cross of Wisconsin was created in the first place. Like other Blue Cross plans, Blue Cross of Wisconsin was established to give state residents an opportunity to purchase low cost health coverage during one of the darkest periods of our nation's economic history. A foundation created from these assets should directly address this same goal by improving access to health care for low income and vulnerable populations in the state. Most of the initiatives outlined by the two medical schools, including the emphasis on medical education and research, though important, are simply not what the assets held by Blue Cross of Wisconsin were meant to support.

Academic medical institutions cannot fill the shoes of the hundreds of Wisconsin free clinics and community organizations, many of whom have spoken here today, that serve vulnerable populations every day and who dollar for dollar

could do much more with these funds to help people access health care. It's worth noting that other foundations created from earlier Blue Cross conversions or foundations that will be created have acknowledged the original purpose of Blue Cross Blue Shield in their mission statements. I'll cite one example. The California endowment and California health care foundation's purpose is in part to promote the availability of and access to quality and affordable health care and related services to the people of the state of California, including without limitation, to improve the availability of and access to such care and services to the uninsured, underinsured, and other underserved populations and to improve the health status of all Californians.

The proposed foundation in this case violates the charitable trust doctrine in another way. Regulators and courts from across the country have recognized that in order to ensure the conversion foundation does not unfairly benefit the new for-profit entity, the governance of the foundation must be made independent of the for-profit entity. The proposed foundation board in this instance clearly violates this principle. Nine

of the nine members of the board will have an obvious conflict of interest. Furthermore, no Blue Cross Blue Shield association rule that I know of or that I heard earlier today requires such a setup. One other thing I'd just like to briefly mention. The name of the foundation and also the consistent reference to these assets as the, quote, "gift" of Blue Cross Blue Shield United of Wisconsin. I think this gives Blue Cross an unfair and undeserved public relations benefit. It's sort of like the comment about the holy Roman empire being neither holy nor Roman nor an empire. This is neither a gift. It's an obligation that Blue Cross has to transfer these assets, and they're not Blue Cross's to transfer. These are public assets. In fact, they're the people's money. The public should have a great deal of input into the establishment and operation of the foundation.

This foundation plan was announced to the public with the approval in advance of several powerful state officials. I do not know of any discussions Blue Cross has had with the public prior to this announcement on the structure of the foundation or the decision to give all the assets to the two medical schools ultimately.

Furthermore, the foundation plan does not include any significant ongoing input from the advisory committee of community members representing the diversity of Wisconsin as is the case in other states. It bears emphasizing that this is not Ford, or Rockefeller or family trust money. These are assets invested in Blue Cross of Wisconsin by Wisconsin residents for the benefit of Wisconsin residents. A conversion plan without an ongoing public role violates this public trust. Thank you very much.

MS. KIM: I'm Jaemin Kim. I'm with Consumers Union. Consumers Union is a national consumer advocacy organization, perhaps best known for publishing Consumer Reports Magazine out of our New York office. We also have advocacy offices in Washington, D.C., Texas and from the office I'm from, the west coast regional office in San Francisco. Consumers Union sort of began the whole monitoring and analyzing of these nonprofit to for-profit health care, hospital and Blue Cross conversions for 15 years. The very first Blue Cross conversion that has been on the radar screen was a Blue Cross of California conversion. Consumers Union was instrumental in ensuring that the original

zero dollars set aside for public interest health purposes was then elevated to the astounding amount of $3.3 billion. So for 15 years we've been monitoring these conversions and we started to monitor the Wisconsin conversion almost two years ago. I called the Wisconsin conversion two years ago because what we saw happening in Wisconsin is very similar to what we've seen in other states where a Blue Cross plan starts to look very much like a for-profit plan without ever admitting that that's what it is. What happened in Blue Cross Wisconsin is that a for-profit subsidiary, that is, a subsidiary that has no obligations, no nonprofit obligations was created, and into that subsidiary many of Blue Cross's assets, managed care companies, in fact, the largest HMO, I think it's Compcare, was put into this for-profit subsidiary, which is fine, as long as the nonprofit owns 100 percent of the for-profit, or, as long as the for-profit subsidiary solely is operated to help the purposes of a nonprofit.

I was struck this morning by how often I heard from the witnesses of Blue Cross Blue Shield who were the only side represented at the contested formal administrative proceeding today. I

was struck by how often I heard the phrase, this is a corporate mission. This is a for-profit insurance mission. Well, I think a few myths have to be dispelled. One of them is that Blue Cross Blue Shield of Wisconsin has no right to act like a for-profit company until it is approved to be a for-profit company, and that approval has not happened yet.

Blue Cross Blue Shield United of Wisconsin began just like all the other Blue Cross Blue Shield plans across the country as a result of the Great Depression in order to alleviate the suffering of people who could not afford health care during the Great Depression, a new sort of, some people might call it even socialist plan emerged to make sure that the uninsured and those who could not afford the very expensive health care that people needed could get it through this new kind of insurance plan. In Wisconsin special legislation allowed Blue Cross to be created and that legislation stated specifically, and it has not changed since then, specifically that Blue Cross is a charitable and benevolent institution.

The legislators specifically authorized Blue Cross Blue Shield of Wisconsin to

fill significant gaps in health care. It was, quote, to ease the burden of payment for hospital services particularly in low income groups. It was also, quote, free from any motive of profit. These corporations will contribute to the solution of a pressing, social and economic problem in the state and merit the support of the citizens. And further, even in its own mission statements the predecessors of Blue Cross Blue Shield of Wisconsin promised to provide for the sickness care of indigents and low income groups and others.

Now that Blue Cross Blue Shield of Wisconsin is admitting that what it really is is a for-profit corporation, what we need to do is make sure that the assets belonging to the public, that is, the nonprofit charitable assets that are obligated for those same public purposes through the charitable trust and si paret doctrines as well as a slew of other legal doctrines including the very own legislation here in Wisconsin. We need to make sure the full fair value is set aside for whichever type of foundation or nonprofit purpose that the money is endowed into.

A number of times this morning again I was struck by how often people on the Blue Cross

camp have been stating that, yes, the full fair value will be set aside, because 100 percent ownership in Blue Cross Blue Shield will be transferred to the foundation. Well, again, we need to dispel a few more myths. And, you know, I'm not saying that Blue Cross Blue Shield is purposely misleading you, but if you listen carefully to their witnesses, you can see that as Jeff Spitzer-Resnick pointed out, 100 percent of the assets represents what Blue Cross Blue Shield Wisconsin owned on the books as of the time of the proposal.

However, again, I won't detail that for you now, but there have been significant transactions that have transferred many of the most profitable businesses of Blue Cross Blue Shield into the for-profit subsidiaries without any proper compensation back to Blue Cross. Now that wouldn't be a problem if Blue Cross owned 100 percent of the for-profit subsidiaries, but it doesn't. As of the time of the proposal it only owned 38 percent. Currently, I believe, the plan is to own 51 percent, but still, what about the 49 percent that it does not own? Where is that represented? That is certainly not represented in the 100 percent stock ownership of Blue Cross Blue Shield of Wisconsin.

Secondly, another myth is --

THE COMMISSIONER: Ms. Kim, our time -- we've lost -- our five minutes are up. Can you summarize your remarks?

MS. KIM: I'll just sum up. I could go on and on about the problems with this proposal and the problems with the valuation aspect of whether the foundation and the public health of Wisconsin is properly going to be served by getting the proper amount of money. So again, I urge that the investment banking firm hired by the insurance commissioner look into all of these past transactions and they look specifically at what the proposal seeks to do in terms of allowing the foundation to cash in the portion of the stock it will own. Currently, I have seen -- and this is a 1,000 page proposal, so I don't expect members of the public to be able to leaf through each of these pages and understand what this highly legal and highly intricate document states, but I've seen more restrictions in this proposal than I have in other proposals that have been considered in the public interest. These restrictions will keep the foundation from knowing whether it will ever receive the full market value of the stock that it cashes

in.

So, again, I think in summary, what we really need to see is more hearings that flesh out in specific detail the financial aspects of this plan and we need to have the independent banking firm truly look into how exactly this foundation will, if it will through this proposal, capture the value of the foundation. And one last statement which is that as Blue Cross Blue Shield Wisconsin urged to the Commissioner this morning, they urged that you approve the proposal as it is written now. We strongly urge that in no way should the proposal as it is written now be approved. It is too flawed and would certainly not serve the public interest. Thank you.

THE COMMISSIONER: Thank you. Next we have Steve Ohly, followed by Sally Turner, followed by Dr. Manuel Rivera, followed by Natalie Swanson.

MR. OHLY: My name is Steve Ohly and I put my talk away and I can't find it. I have to run real soon. I'm a nurse practitioner and I've been at the ground floor. It's on.

THE COMMISSIONER: You may want to move to that table.

MR. OHLY: Okay. My name is Steve Ohly.

I'm a nurse practitioner and been at the ground floor of starting up three central city clinics. I currently manage a homeless clinic now called the Madison Street Clinic and we do outreach and shelters and box cars and on the street. I have several affiliations, and they include the University of Wisconsin Medical School. My employer is Aurora Healthcare. I've been doing work with homeless for the last 18 years.

First off, I want to say that I think that the process has not been democratic and think you need to strongly consider not supporting the proposal as it is, as it stands right now. But secondly, I want to speak on behalf of the University of Wisconsin Medical School who staffs much of the work that we do. We provide care for about 5,000 individuals through the year at the one clinic that I manage. They're all for people who don't have health insurance, don't have access to health care, and usually have nowhere else to go. All those services are provided for free. Staffing is pretty much done through the assistance of Health Care for the Homeless of Milwaukee, Aurora Health Care, and the University of Wisconsin Medical Schools, the department of family medicine.

I believe that if the medical schools get funding to do this, what I would like to see happen is that they be there more with us in the box cars, on the street, and in these clinics. I think other structures, if you set it up will work well too, but I want to speak on behalf of the medical schools who have been right there with us on the front lines providing care. I think they can do it. What I'd really like to see them do is to help us measure what we're doing, help us identify best practices, tell us if we're just spinning our wheels, and invest time and energy behind those best practices.

Last comment would be that the board as proposed I think is not a good idea. Having only the medical schools and Blue Cross represented would not be good. It needs to have a lot more community input. Whereas I think the medical schools would do a great job doing this, I think they also need to be prodded to get ultimatums to make things happen to improve on what they're doing now. Thank you.

THE COMMISSIONER: Thank you. Sally Turner.

MS. TURNER: My name is Sally Turner. I'm here today to represent Aurora Health Care in

support of the plan. I'm the director of community services for Aurora. My goal is going to be to illustrate that the UW Medical School is vitally important to and integrated in the community. Aurora has a 25-year partnership with UW Medical School, and that partnership has grown to the point where today together we operate 10 central city clinics in Milwaukee where 51 physician faculty members from the medical school provide up to 120,000 patient visits a year. 90,000 of those visits are for people without commercial insurance. 80 percent of our patients are either uninsured or enrolled in government-sponsored programs. The physicians in those practices work with over 100 community-based organizations in the local area in providing care of those patients. Aurora in the City of Milwaukee would not have the 10 central city clinics without UW Medical School partnership. Each and every one of those clinics loses money. Together they lose over $3 million a year. So why would Aurora partner with the medical school to operate 10 clinics at a loss? Because together we have a commitment to serving the community, to medical education, and to the future health care and health status of Wisconsin communities. And to the

medical school faculty physicians who are leading us into the future in relation to creating healthier communities. They do that by providing traditional medical and health care in clinics, but they do much more. I'm just going to give you a couple examples of how they are well integrated on the ground level in the community.

As Steve said, the faculty physicians serve as medical director and volunteer physicians staff at the Madison Street Clinic which provides 100 percent free care for homeless and uninsured patients up to 7,000 visits a year. That clinic is a result of a partnership between UW Medical School, Aurora Health Care and Health Care for the Homeless of Milwaukee. Medical school faculty physicians also helped create and currently serve as medical director and medical staff of the Clark Square Family Health Center, which is the first clinic to be located in a grocery store in the midwest. It provides unprecedented access to all for primary and urgent care regardless of the ability to pay, it's open seven days a week, evenings and holidays, hours which most doctors are unwilling to work. In short, the UW Medical School faculty physicians provide the highest quality care to some of the state's most

challenging patients in clinics, in their homes and schools and in other locations in the neighborhood with interdisciplinary teams and with limited resources, and it's working.

I'm going to tell you one more story about how it's working right now as we speak. A local woman recently came to our Madison Street Clinic for care. She was homeless and being beaten by her boyfriend. She is also a substance abuser. Two UW faculty nurse practitioners have been caring for her. Her needs are multiple. She not only needs care for her bruises; she needs clothes, food, shelter and safety. The team helps provide those to her. She also needs a diagnostic test because we believe she may have cancer. It's not safe for her to come to our clinic because her boyfriend physically abuses her when she tries to get help. So the faculty often meets her behind the laundromat where she lives and has left -- one faculty member has left his family on a Sunday morning to rendezvous with her outside of a church where she suggested might be a safe place to get together. After waiting for two hours for her, she never showed.

She communicates to her providers by

leaving notes in the bathrooms of our other clinics. The staff in all the clinics have gotten to know this routine and that communication process works. Because we don't know when she will come forward and be able to safely obtain the test to see if she does have cancer, another one of the UW faculty physicians who works at a totally different clinic but has the skills to perform the test has offered to be on call and make himself available any time anywhere to provide care for this homeless, abused woman. Though they haven't saved her, we have reached her and they are helping her. This example is typical of our experience with UW Medical School faculty. They're not a bunch of Ivory tower academicians. They are the heart and soul of a care delivery system which has done a tremendous amount to eliminate barriers for some of Wisconsin's most needy and disinfranchised citizens.

One last point. Well-intentioned good people doing good things does not a healthier community make. They also need to be community based and willing to take action. The UW Medical School faculty physicians are those that do that. The proposed Blue Cross Blue Shield dollars will allow faculty physicians to continue to provide care

and to study outcomes in partnerships with community-based organizations and to ensure that we will continually improve the delivery of health care services based in the community. Thank you.

THE COMMISSIONER: Thank you. Next we have Dr. Rivera followed by Natalie Swanson, followed by Philip Lewis.

DR. RIVERA: Good afternoon. Thanks for allowing me to testify this afternoon. I am Manuel Rivera. I'm a senior perinatologist at Sinai Samaritan Medical Center, one of the hospitals providing care for the inner city. I'm also the associate chair for the department of OB-GYN at the University of Wisconsin Medical School, Milwaukee Clinical Campus. Despite the dramatic increase in wealth in the United States, the resources available for solving society's health problems are scarcer than ever. Using those limited resources most effectively has immense social value. The partnership between medical schools' community based organizations and public health organizations as described by Sally Turner are uniquely suited to increase the social value of those resources. State medical schools, their community-based organization partners and public health care organizations have

come to embrace a new agenda, a commitment to create value for our communities. This new partnership has the potential to make more effective use of scarce resources. The permanence of state medical schools' assets gives community the benefit of a long-time horizon in which to tackle social issues and develop expertise in the field of community-based medicine.

Medical schools create value when their activities generate social benefits that go beyond the mere purchasing power of the initial dollar amount invested. The partnership of medical schools community-based organizations and public health care organizations create a value for society greater than the dollar amount itself. What are the medical schools special assets that will benefit the social sector? We have additional resources that will be put to serve the community. We have a multi-disciplinary expertise. We have independence and we have a longer time horizon than other organizations. How can medical schools help create additional value? Using their expertise together with community-based organizations and other organizations that are the most cost effective or that address urgent and overlooked problems in the community. Medical school can systematically

measure and evaluate their own performance as well as the performance of these other organizations that are receiving funding from the public sector. Medical schools are skilled in integrating and selecting community programs who will take additional steps to educate and attract other donors and philanthropic resources for community use.

Most importantly is that by improving the performance of that partnership, and the partnership as I described before consists of medical school, community-based organizations and public health organizations, they would increase the value of the initial endowment. Medical schools are a fully engaged partner thereby improving the effectiveness of those -- of the previously described partnership. The fact that each partner is willing to learn from each other increases the effectiveness of the community interventions. Working directly with community-based organizations and public health care organizations, we improve the performance and it is a more powerful use of scarce resources.

Nonprofit organizations usually operate without the discipline of the bottom line in the delivery of services. As a result, at times there is a lack of strong incentive to measure and manage

their performance. Medical schools will bring their objectivity as well as their own and outside expertise to help the partnership identify and address weaknesses. Medical schools can become fully engaged partners providing advice, management assistance, and a host of other noncash resources improving the performance of the partnership. We will work closely and long term with community-based organization and public health care organization in order to create additional value. Utilization of the scientific base model and a systematic progression of projects that will produce more effective community interventions is also very important. This is the description of research. And I think that research has been used as a negative term, but this is what we consider community interventions based on scientific models. This model will offer a framework of outcome measures and evaluation that will result in improvement of utilization and allocation of scarce resources.

In summary, the state medical schools have successfully partnered with community-based organization and public health care organizations in the state of Wisconsin. The plan submitted by the

University of Wisconsin Medical School and the Medical College of Wisconsin would foster effective long-term relationship between medical school, community-based organizations and the public health care organizations, and most important the communities that we serve. It will also improve the design and implementation of long-term interventions that are useful to community system after the initial operational phase. Thank you.

THE COMMISSIONER: Thank you. Next we have Natalie Swanson followed by Philip Lewis. And then we're just going to take a quick five-minute break before we convene for other speakers.

MS. SWANSON: Good afternoon. My name is Natalie Swanson, and I'm the supervisor at the Wisconsin Avenue Family Care Center, a family practice clinic located on 19th and Wisconsin. Over 75 percent of our patients or about 8,000 patient visits are without commercial insurance, so they are either uninsured or enrolled in government programs. I am here today in support of the components of the plan but would like to focus on the clinic that I oversee.

The Wisconsin Avenue Family Care Center is the central city site of the UW Department

of Family Medicine. We have six residents who have chosen to complete their three-year residency in the central city in order to serve the uninsured and underinsured. The University of Wisconsin Medical School plays a critical role in the care we give to an underserved population. In addition to the residency program, we have UW medical students who also train in our clinic. The physicians at the clinic not only see their own patients, but they are all UW faculty who train the residents and students. I see the benefit every day of the collaborative effort between UW and the clinic that I oversee. When a doctor trains in a central city location, it can reorient them for the rest of their lives and maybe change their minds where and who they want to serve and many times this has happened. Our patient population is varied. However, a high percentage of them are at or below the poverty level, a population with increased health risks.

We also work with other community agencies like Wisconsin Correctional Services which is about a block from the clinic. This organization works with mentally ill people who have been convicted of a crime. We work closely with the WCS case workers and provide health care to a high

volume of their clients. We also work with health care for the homeless, the Jesuits at Marquette University, Silver Spring Neighborhood Center, and community support programs like Bellwood and others. Medical schools are doing more in communities around the state than people are aware of. Many of the residents continue their practice in the central city. For example, Dr. Teto Izard, he grew up in Milwaukee, graduated from Rufuss King High School, Marquette University and the University of Wisconsin Medical School. Teto chose the Wisconsin Avenue Family Care Center for his three years of family practice residency because it was his dream to practice medicine in Milwaukee's inner city. He completed his residency this past July and is now practicing family medicine at the Wisconsin Avenue Family Care Center. He's also a UW faculty member teaching the new central city residents about how universities and health care organizations can collaboratively keep patients, families and the community healthier. Thank you for your time.

THE COMMISSIONER: Thank you. Philip Lewis.

MR. LEWIS: My name is Phil Lewis and I will be speaking on behalf of the Metropolitan

Milwaukee Association of Commerce. I'm going to read a statement by Tim Sheehy, the president of the MMAC. The Metropolitan Milwaukee Association of Commerce commends Blue Cross & Blue Shield United of Wisconsin for its commitment to the public health needs of Wisconsin residents. Blue Cross & Blue Shield United of Wisconsin public health foundation is an example of a Wisconsin headquartered company with vision. The foundation will provide a significant mechanism to address the future health needs of Wisconsin's residents. The 250 million foundation is another opportunity to demonstrate why Wisconsin is a good place to live and work and why Wisconsin is good for business. The Medical College of Wisconsin and University of Wisconsin Medical School will be good partners in establishing and implementing the foundation. Both schools have a longstanding reputation for innovation in health care. There are many examples of how the schools have sought ways to reach more people with essential services in a cost effective way. This includes the history of partnerships in the community to help ensure the quality of life is enhanced for everyone. We expect those partnerships to continue to be strengthened when the foundation is finalized. The

foundation is an excellent example of how the business community can have a positive impact. We would expect the long-term approach to create a healthier state. This better quality of life translates into healthier employees which ultimately is a benefit to the businesses of our state and community. Business and industry will have the benefit of a productive and healthy work force that provides an additional means to remain competitive in the marketplace. For these reasons we support the proposed conversion. Thank you.

THE COMMISSIONER: Thank you. We'll take a five-minute break and the first five speakers when we return will be Cordelia Taylor, Dave Beagle, Cheryl Maurana, John Schnabl. And I apologize if I'm murdering people's names, and Barbara Snell.

(Five minute recess.)

THE COMMISSIONER: May I have your attention. We'll reconvene now. Our first speaker is Cordelia Taylor. And I should mention that both speakers now work, so we can alternate tables again. Miss Taylor is followed by Dave Beagle, Cheryl Maurana, John Schnabl and Barbara Snell.

MS. TAYLOR: Thank you, Commissioner, for having this meeting. This is very important to the

people of Milwaukee. My name is Cordelia Taylor. I could tell you that I'm a registered nurse for 23 years living in Milwaukee, but I won't. I could tell you that I am the founder and the CEO of a central city clinic in the heart of the central city of Milwaukee servicing underprivileged, insured, noninsured, whomever walk through the doors we serve in this clinic, but I won't. I will tell you that I am a citizen of Milwaukee since 1954. With the exception of four years I've lived in the heart of the central city of Milwaukee, therefore, I feel I know the needs of the people in the central city. We are seeing devastation in the way of health care needs. We are seeing social issues that are not being addressed. I am not pro or con for who allocate or disseminate the funds that Blue Cross is looking at putting into the pie. But what I am saying is, be sure that the funds are allocated fairly so that the needs of the people are going to be addressed.

I realize that research is very necessary. I realize that education is a must. But there are other issues as well, meaning health care issues, especially for the underserved population that are not being addressed. So whomever get the

monies, I would like very much to see that they not only allocate the funds, but talk to some of the people and put some of the people on the boards that know the problems and can help resolve some of the issues so that we are not continuing to have meetings but we're continuing to look at the problems and resolve them. Thank you.

THE COMMISSIONER: Thank you. Next -- is Dave Beagle still here from Senator George's office? Cheryl Maurana followed by John Schnabl, and then Barbara Snell.

MS. MAURANA: Good afternoon. My name is Cheryl Maurana and I'm an associate professor of family and community medicine at the Medical College of Wisconsin. I'm also the director of the Center for Healthy Communities whose mission is to build community academic partnerships to improve health. Our center has more than 25 community partners. In my testimony I would like to speak to the power of community academic partnerships and how working together communities and medical schools can make a significant difference in health.

For the past 10 years I've had the privilege of working with a number of communities, both urban and rural. My experience has taught me

three important lessons. These lessons provide a vision for the development of the proposed institute for public and community health, a key component of the MCW plan to Blue Cross. This vision is based upon the lessons of partnership, leadership and empowerment. First, more can be done by working together as partners and pooling limited resources than by working separately and often duplicating each other's work. Second, leadership is key to sustained health improvement, and there are many different types of leaders, both community and academic who must be cultivated. Third, although communities have many needs, they also have many strengths and individuals must become empowered to capitalize on those strengths to build community and individual self-sufficiency. As one community member said to me, empowerment is about having the medical school provide us with confidence and skills so that we can make a difference in our neighborhoods.

I would like to share a story about partnership that comes from our center's cancer prevention initiative, a collaboration with the MCW Cancer Center, the Milwaukee Housing Authority, the American Cancer Society and Set Ministries. This

program is designed to increase awareness of cancer and to develop culturally appropriate prevention activities for residents of Milwaukee public housing. The initiative employs a neighbors helping neighbors approach to make healthy lifestyle changes. The eight advocates are public housing residents who were selected and trained to educate and support other residents. The story is about the ceremony to celebrate our advocates completion of their training. Approximately 100 housing residents attended one of the biggest turnouts for any event. Participants commented they were moved by the advocates speeches and housing authority staff said they had never seen the community come together like that before. The advocates demonstrated enormous pride in their accomplishment; motivation to improve the quality of life in their building and optimism that they could succeed. The fact that these eight people were willing to be advocates for the other residents was a powerful and positive message to the building. The advocates have now begun their work as key partners in the cancer prevention effort and have been an inspiration to others in their community.

The proposed MCW institute for public

and community health will improve health by forming effective partnerships with people where they live. These partnerships will focus on local needs and resources, provide leadership and technical expertise in solving problems, evaluating outcomes, and identifying best practices, and empower individuals and communities to make a difference in their health.

As one community member said, this program is not about providing services; it's about changing lives. We will do this by capitalizing on the many strengths that both communities and medical schools bring to the table creating a whole that is greater than the sum of the individual parts. In my work with communities I have seen firsthand the power of partnership building and I'm firmly committed to that approach to improving health. Perhaps the vision for the institute for public and community health can best be expressed by a quote from the anthropologist Margaret Meade. "Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed it is the only thing that ever has."

Through the Blue Cross conversion plan as it has been proposed, community academic

partnerships can create and support those small groups of citizens throughout Wisconsin. Those groups can then be powerful tools for creating healthier communities. Thank you.

THE COMMISSIONER: Thank you.

MR. SCHNABL: Thank you for your time. My name is John Schnabl and I'm here representing the Southeastern Wisconsin Area Agency on Aging. We're a private nonprofit organization that serves the older adult population in the six counties that surround Milwaukee County. And I'm going to be very brief in my comments because many of them have been stated over and over again, but I would like to get them across once more just for the record.

What we like to get out and what we'd like to say once again is that we feel that these are returned public assets. This money, these assets are not a gift from Blue Cross & Blue Shield and this is a giant contribution. The money should be used to create an independent public foundation where nonprofit organizations, health care providers, community clinics, educational institutions, and health agencies can go to apply for these much needed funds. And the board of directors that will be formed from this should come

from a diverse group, diverse groups in the community that it will serve. And real quickly, basically just to wrap up, is we're not saying the medical schools do not have uses for this money because we know that they do. But what we are saying is there are many other groups in this community in this state, many other agencies and organizations who share in the medical needs and who share in the services that are needed in this community. Thank you.

THE COMMISSIONER: Thank you. Okay. Next we have Barbara Snell followed by John Bartkowski, Shirley Howard and John Cary.

MS. SNELL: Good afternoon. My name is Barbara Snell. I'm the executive director at Madison Community Health Center in Madison, Wisconsin. We are a organization that provides primary care to low income and uninsured families in Dane County. We also are a training site for the University of Wisconsin's medical school. We have medical residents and medical students that practice in our clinics. I'm here to support the plan as proposed. I have heard a lot of testimony today asking that funds be used to serve the underserved in our community. I've also heard about the need to

teach health care professionals. I don't think these two goals are mutually exclusive. And in fact, at Madison Community Health Center we see that marriage very successfully working.

The Madison Health Center south side clinic operates with a core staff of employees hired by my organization, but we would not be open a day without the support and help from the University of Wisconsin's medical school. Medical residents and faculty helped us provide 10,000 visits last year to uninsured, low income families. We treat people who are -- have difficulty accessing traditional health care either through financial, cultural, or language barriers. As a training site, MCHC provides a unique and valuable learning opportunity for medical residents to practice medicine in the real world of poverty. Many of the residents who come to MCHC have never had to use an interpreter when conducting a physical examination. It's almost humorous to see how dumb struck a resident can be the first time they recommend bedrest to a homeless person. They don't know what to do. We help them become much better medical providers no matter where they practice after they leave their training, and we give their services.

Comments from students and residents probably reveal how valuable and the true impact of this training opportunity is. An internal medicine resident wrote, I'm glad to have learned how to take care of patients with minimal resources and no insurance. I was exposed to a great variety of cultures, experience that is missing from my traditional clinical experience. A medical student wrote, this has been an incredible learning experience. It really increased my awareness of different cultures. I saw a woman using dried tomato seeds to help cure a baby's cold and rash. I didn't know what to do. A pediatric resident wrote, a teenager kept missing her appointments for a chest x-ray for TB. Through an interpreter I learned that she thought the x-ray could harm her. I had to work with language and cultural barriers to treat her.

The proposal calls for an expansion of this type of programming throughout our state. This helps serve the underserved in our state. It also makes for better physicians. I think it's working very well at the health center in Madison. the good news is, they helped us provide 10,000 visits. The bad news is we had to turn away almost 5,000 people last year because we did not have the

resources. If we could use these funds as is proposed to expand existing services and look for new opportunities in the state, I think we can meet both of the goals. This funding is a very unique opportunity. I think the medical school and Wisconsin College of Medicine would do very well to serve not only their educational mission but serving the underserved in our community. Thank you.

THE COMMISSIONER: Thank you. Next we have John Bartkowski followed by Shirley Howard and John Cary.

MR. BARTKOWSKI: Good afternoon. My name is John Bartkowski. I'm the CEO of the 16th Street Community Health Center here in Milwaukee, and for the past 30 years we've been one of the largest health care providers for indigent care as well as for people who are uninsured and underinsured. I will keep it short because most of these arguments have been made. I just want to make a couple, but preface it with this.

One of the big arguments here today has been this valuation of the stock. And I don't think that an issue that complicated and as arcane as it is is going to be solved by anyone in this room. Therefore, I trust that you in your capacity

with your consultants are going to come up with the right value for the stock transfer.

Getting to the issue of public health. It has been said that targeting this for public health is far too broad. And as someone who holds a doctorate in public health, I would like to say that simply using the money for access to primary care, something that I totally support because it's what I do, I think is far too narrow. Public health encompasses primary, secondary and tertiary care. Health promotion, primary prevention, secondary prevention. Those are things that are all good and we should use the assets and the resources available to do all of those things. And I think targeting this -- these funds for public health in its broadest sense is not bad, but it's good.

Also, it has been mentioned a number of times and there seems to be this concern that somehow the medical colleges are going to suck up all of this money. And I would just like to say that we have over the years had very effective partnerships with MCW. And we are currently working on partnerships with UW for their residency programs and other issues. I don't think that that is going to change, and I think in fact it will increase and

it will enhance our capacity to not only provide more access to quality health care, but it will enhance our ability to get involved into a greater extent in those more important issues which really are the primary prevention, secondary prevention and health promotion. Because if we target those issues, we can do a much better job and spend less resources on the tertiary side of care.

So I, excluding this whole valuation issue, I support the Medical College and UW serving as the fiscal agent knowing that there will be enhanced community partnerships, because the Medical College and I think UW know through the course of a number of these hearings that they are going to be held to task to make sure that these community partnerships in fact do evolve. And the history is that they will evolve and therefore I would support this going forward. Thank you.

THE COMMISSIONER: Thank you. Next we have Shirley Howard followed by John Cary, Paula Lucey, Earnestine Willis.

MS. HOWARD: Good afternoon, Commissioner O'Connell. The Medical College of Wisconsin and the University of Wisconsin Medical School have served the people of Wisconsin long and well through

education, research, patient care and community service, and I've been pleased with the testimonies most recently attesting to that patient care and community services that is provided by both of these fine medical schools. Two-thirds of the doctors practicing in the state have graduated from these schools and the ranking of our state is third in the nation for its quality of health care which was determined by an independent benchmark study. This extraordinary opportunity that has been given these medical schools will strengthen and expand their partnerships not only with each other but with the people of Wisconsin, so that we may look forward to an improved quality of health care and a significantly improved quality of life.

The plan we're looking at today represents a vision for tomorrow that's vastly different from the focus of the past. And I'm one who can testify to some of the visions of the past. In the last 25 years, for example, we have witnessed dramatic changes in the health care management and some of us, including myself, who were involved in public education that many years ago remember presenting programs to encourage earlier detection, diagnosis and treatment of cancers, for example, to

improve not only the length of survival but the quality of that survival. Today, earlier and improved diagnostic techniques combined with a vast array of newer treatment therapies have in fact resulted in longer survival times and an improved quality of life. In my yesterdays there was little talk about preventing life threatening diseases by a change in lifestyle or choosing a healthy alternative. In those same yesterdays the science of genetics and the role genes play in the predisposition to disease was in its infancy. Today research is providing a new arsenal of intelligence and treatments which are being translated into practice and to the patient more quickly and efficiently than ever before. The Wisconsin public and our medical schools are poised for exciting and critical breakthroughs in this new millennium. The Medical College of Wisconsin and the University of Wisconsin Medical School are uniquely capable and equipped to achieve the goal of a healthier public. They have expertise, commitment, experience and structure. They have been proven to be faithful stewards of the public trust for generations.

The Milwaukee Medical College or the Medical College of Wisconsin is committed to focus

on community collaborations and to address the needs of underserved communities and groups within the state through the following, the first which was addressed a little earlier in much more detail. I'll briefly go over some of the points I have. The Institute for Public and Community Health will address the prevention and wellness programs, primarily in cancer, cardiovascular disease, health issues for women, children and adolescents and health issues, rural and urban access to health care, education and environmental health issues. And then the health services research which will identify health risks and the medical effectiveness in patient care outcome, sort of the self-monitoring research ability to assist the communities and health officials in addressing the needs of our citizens.

In research the endowment fund will provide us with the areas, number one, cardiovascular, number one cause of death in Wisconsin, cancer No. 2. Stroke No. 3. Stroke research is included in the neuroscience research area which also includes research for multiple sclerosis, Alzheimer's, Parkinson's and epilepsy. The clinical research at MCW is in collaboration

with and complementary to the research at the University of Wisconsin Medical School. And then finally the education and leadership for public health will consist of an educational outreach distance learning and teleconferencing for training in the rural and medically underserved areas. The consumer outreach expanding access to health information through computer web sites, for example, MCW's Health Link receives about 200,000 contacts per month. The Masters of Public Health will be expanded to include nonphysicians and that program will start in the fall of 2001.

THE COMMISSIONER: Ms. Howard, the five minutes have expired. Could you summarize the rest of your comments?

MS. HOWARD: Thank you. Student scholarships requiring a three-year commitment to practice in rural and underserved areas of the state will also be provided. The accountability and stewardship will be provided by two public advisory boards along with all of the other boards that have been mentioned today. And in conclusion, I would like to say that this is a historic opportunity to move forward. This gift will be a lasting legacy to make those dedicated to improving the health and

quality of life of the citizens of the state of Wisconsin. And I thank you.

THE COMMISSIONER: Thank you. Next we have John Cary followed by Paula Lucey, Earnestine Willis and Joe Gormon.

MR. CARY: Thank you, Madam Commissioner. I'm the director of the MACC Fund, Midwest Athletes against Childhood Cancer, and we were founded in 1976 to support pediatric cancer research, so I guess you know where I stand on about 40 percent of the Medical College of Wisconsin's proposal.

I've sat here throughout the afternoon and I really can't add a heck of a lot more than all of the people have added. I certainly can't speak with the eloquence that many have. I have no concept of this valuation and everything else. It sounds like my checking account when I look at it and my wife looks at it. But I will say that the MACC Fund has been fortunate to be partners with the Medical College of Wisconsin since 1976. At the time of our founding, many of these same concepts I think were in play. What should be done with the money that's raised. We have very strong fiduciary responsibility, but we also have responsibility of how are we going to defeat this

thing called cancer in a child. And at that time the idea was brought forward to support research. And I think it was one of the more intelligent decisions that a group of ex-athletes ever made. And I think what's significant about it is the pool of dollars which have been contributed by the MACC Fund thanks to the support of the people of Wisconsin is in excess of actual contributions of $15 million. And that research has led to some wonderful, incredible stories. And it certainly has had an impact on the public health. It certainly has had an impact on the lives of many children and their families as well. And I would just encourage you as you have to make the apparently very difficult decision to determine what to do here to look at the two entities which have been put forth as stewards of these funds. And I can speak with very good personal experience to a strong degree with the Medical College and also to Wisconsin because of our support to the Wisconsin Comprehensive Cancer Center that I think it is in very good hands. I'm sure there are other political issues which you will have to deal with. I'm trying to put a face on this whole concept of research because I've heard a certain disdain this afternoon

having sat here since noon for this opportunity, and I can understand that because I think a lot of people wonder what actually comes out of the research.

Well, this morning I spoke with a man whose daughter died about four and a half years ago and I know what came out of that research. I know that there still is hope for other kids. And shortly after I spoke with a man whose son has been diagnosed with three different types of cancer. He's had two bone marrow transplants and he very likely will not be here shortly after the millennium. And I also spoke to the man who helped found the MACC Fund, Eddie Ducett, and his son was married this past summer and is now 26 years old. So those are three different faces of research and it's not to take anything away from the public health and all of those other things because this is very much a part of public health. It sounds to me as though far more is being done by these institutions in the area of public health in providing it than some other people were saying earlier. It's up to you to determine if that's true or not. What we can tell you from the perspective of the MACC Fund is we're very proud to be in a

position to provide hope through research to children with cancer.

We greatly appreciate the opportunity to be here today, and we encourage you to approve the proposal as laid forth. Thank you.

THE COMMISSIONER: Thank you. I should note that the hour of 4:00 has arrived. We do intend to continue until we finish the speakers. We'll keep moving along as quickly as we can. Next we have Paula Lucey followed by Earnestine Willis and Joe Gorman.

MS. LUCEY: Thank you. I'm Paula Lucey. I'm the director of Milwaukee County health programs. I'm a masters prepared registered nurse. I'm speaking in support of this proposal. Milwaukee County has had a long involvement with health and health care for over 135 years. For the bulk of that time we owned and operated a public hospital and it's last named John L. Doyne Hospital. In 1995 Milwaukee County, not unlike this moment, made a decision to significantly restructure its approach to health care. At the closure when the hospital was closed -- prior to the closure I was the vice president of patient care services, and I was directed at the time of the closure to establish a

new approach to health care access for the poor of Milwaukee County. This program, known generally as the GAMP program, the General Assistance Medical Program, purchases health care for approximately 20,000 individuals yearly. The approach that has been developed is a community based primary care network. And while we continue to work on it and improve it every week, we think it has made a significant change in how we manage our health care needs for the indigent.

What was more important almost than an outcome was the process of developing the approach which was historical. We had representatives from each of the health care systems, community clinics, Medical College of Wisconsin, elected officials, business leaders, and patient advocate groups all working together to develop a new delivery system. These were conversations and discussions which would not have occurred if the County still owned and operated the hospital. Personally, I've been very interested in the concept of healthier communities' activities and have recently completed an 18-month healthier communities fellowship sponsored by the health care forum, an affiliate of the American Hospital

Association. This fellowship and my experience in the development of a new delivery system has led me to conclude that our community must continue to seek opportunities to develop healthy solutions for -- community solutions for community problems.

The proposal from Blue Cross Blue Shield and the creation of the foundation and the initial plans developed from the Medical College of Wisconsin will provide just such an opportunity building on the activities that we've done so far and moving us to the next level which is to have community planning and programming in a coordinated manner around the health of the community, not just health care. I believe this will include citizens from all economic groups and citizens including at-risk youth, frail elderly and the medically indigent working poor. I would urge approval of this proposal and I'd like to submit letters of support from County Executive F. Thomas Ament and Karen Ornitz (ph), chairman of the Milwaukee County board of supervisors. Both Mr. Ament and Ms. Ornitz support the creation of the foundation and look forward to the potential of enhanced public/private partnerships with the medical schools. Both medical schools have a history of involvement with our

community and we look forward to building on that foundation. This is a unique opportunity to help improve the health of our community and we urge approval. Thank you.

THE COMMISSIONER: Thank you. Next we've got Dr. Willis followed by Joe Gorman followed by Edward Mueller and Stephen Hargarten.

DR. WILLIS: Good afternoon, Commissioner, and other members of the office of Commission of Insurance. First allow me to acknowledge that I am an active member of the board of director of United Government Service which is a wholly-owned subsidiary of Blue Cross & Blue Shield United of Wisconsin. However, today I speak to you as a practicing pediatrician, a faculty member of the Medical College of Wisconsin, and director of the Center for the Advancement of Urban Children. The Medical College of Wisconsin and I are truly committed to improving the health and well-being of underserved families throughout the state. I support the Blue Cross & Blue Shield conversion plan primarily because in my view this is an opportunity for two distinguished academic institutions to actively join in partnership on behalf of every citizen throughout the state improving their health.

More specifically, the Medical College of Wisconsin and the University of Wisconsin Medical School are uniquely positioned to ensure that the health needs of populations throughout this state where the greatest health disparities are not neglected. Funds from the Blue Cross & Blue Shield conversion plan will allow the Medical College to broaden as well as sustain community-based initiatives in partnership. An example of one of those partnerships I'd like to share with you today among many is illustrated in the Medical College of Wisconsin efforts to support Milwaukee Public Schools' education objectives, health providers in such areas as Children's Health System, Aurora Health Care, St. Mary's Hospital of Horizon, and other prominent leaders throughout this area working within the Milwaukee area as well as the state collectively active over the last two years to expand school-based health services for children attending Milwaukee Public School. The education objectives of Milwaukee Public School goes beyond just educational programming. In fact, it includes supporting physical and mental health of every child attending that school district. They adopted a philosophy that given each child who are not healthy

cannot learn. We join parents and the community in improving the points of access for children. It is the community responsibility to coordinate needed health services for youth and adolescents. So school based health centers was built out of a collaboration throughout this area. They were initiated appreciating that MPS would assure that all children, whether they are insured or uninsured would be eligible for the established health services within this institution. And the health models would supplement existing health services, not supplant them. Systemic steps were taken such as a needs assessment, health need assessment, sharing data throughout the different institutions, seeking funds collectively among the institutions, and prioritizing for the initial implementation of school-based sites was all facilitated through this collaboration.

As community and statewide resources were mobilized, this resorted in more than 30 additional school-based health centers for children or working parents through central city Milwaukee. During the school-year 1998 and 1999 I am proud to attest to you that we have two-thirds of 41 schools, which is about 68 percent of all the school-based

health centers here in Milwaukee, located in elementary schools, almost one-fifth of those school-based health centers in middle schools and one-eighth of those being in high schools, or 41 school-based health centers.

These centers are for acute and primary care, right now for more than 22,000 youth and adolescents. For these working families school-based health centers have significant abilities to advance points of access to the mainstream health services and to be an outreach structure for enhancing health insurance coverage for families eligible for Medicaid and Badger Care. In my written testimony you will have a list of all the health sponsors as well as the students that will be submitted to you at a later point. But as we went through this collaboration, we recognize that many times collaboration attempts fail because of turf battles between institutions, many times at the expense of consumers, or second, due to exclusion of community involvement or failure to have appropriate broad support.

Despite these known barriers the Medical College of Wisconsin and other prominent leaders overcame these obstacles and will continue

their efforts because the health of every citizen demands such. Culturally competent community-based programs that builds up on the Medical College mission of education, research, patient care and community service is essential statewide resources to complement the resources that will be a made available by the Blue Cross Blue Shield conversion plan.

In conclusion, this collaboration that I have briefly reviewed with you today, illustrate how partnerships between prominent community institutions such as the Medical College and concerned citizens can effectively bring to realization local health services benefiting working families. Thank you.

THE COMMISSIONER: Thank you. Okay. Next we have Joe Gorman, followed by Edward Miller and Stephen Hargarten or Hafgarten followed by Molly Carnes.

MR. GORMAN: Good afternoon, Commissioner. My name is Joe Gorman. I'm the president of National Investment Services of America and trustee of the Medical College of Wisconsin. I'm also vice chairman of the State of Wisconsin Investment Board, and I mention all that because my career has been in

investment analysis for 30 some years, and I've seen a lot of conversions of mutual organizations into private organizations. I'm a little surprised this afternoon at the attempt to stir up controversy over something that's clearly a plan that's in the best tradition of progressive Wisconsin.

The valuation problems that were raised earlier I'm sure will be straightened out by your committee, independent committee, that's going to be looking at this and the advice they're getting from investment bankers. As to the best plan to distribute the surplus, it's -- the directors of the Blue Cross and the insurance department are to be commended, I think, for this particular plan. It's very much in the public interest. Many other mutual type conversions have been designed to enrich insiders. There's none of that here. This plan contributes the service directly to the public interest in the most efficient manner possible.

The two medical schools are already nonprofit organizations, institutions in place, serving the public welfare. They're governed by independent boards of trustees such as myself that was appointed by the governor, and so there's a lot of independence that comes to bear. They, of

course, also provide that they will appoint citizens to the two public advisory boards that will be involved in directing how the funds are spent through the years. So that, again, the issue of independence is I think strained to beyond where it should be.

Both of the institutions are responsible. They've proven themselves through the years. They will handle the money responsibly without any question, and their influence covers the entire state. And in that they, as you know, had several extensive public hearings about the plans that they proposed. And at the heart of it, again, back to this issue of research, at the heart of it the thing that was most common in the public hearings was the public's great concern that called for additional research in cardiovascular disease, in cancer, and Alzheimer's disease and other diseases associated with aging, women's health and children's health. Those were major issues throughout the public hearings and were directly responded to in terms of the plan that's proposed. So, as an individual, I'm especially excited about that research. I think we're on the brink of major health benefits through greater information and use of understanding of

genetics. This plan will help speed that process and benefit ourselves and all of our children and children's children. I support it wholeheartedly. I think the plan as submitted is a thoughtful, efficient way to channel the Blue Cross Blue Shield surplus to the best benefit of our state and its citizens. Thank you.

THE COMMISSIONER: Thank you. Next we have Edward Mueller.

MR. MUELLER: Yes.

THE COMMISSIONER: Followed by Stephen Hargarten, Molly Carnes, and Ricardo Diaz.

MR. MUELLER: Thank you for giving me this opportunity to speak. I share some of the concerns of other groups that funds should find their way to local health departments where the greatest need is. I believe this is a very necessary thing that the funds find their way to local groups. I also have a question. Will the conversion of Blue Cross Blue Shield from nonprofit to profit status result in greater benefits at lesser costs?

And in conclusion, I am really concerned about the number of uninsured in Wisconsin. All these agencies have talked about the number of people that they have served and surely

served well, but I'm appalled at the number of uninsured. Thank you.

THE COMMISSIONER: Thank you.

MR. HARGARTEN: Commissioner O'Connell, I am grateful to have the opportunity to speak at this public hearing in support of the proposed Blue Cross Blue Shield conversion plan. I currently serve as chair of the department of emergency medicine at the Medical College of Wisconsin and also currently direct the Firearm Injury Center and the Wisconsin Injury Research Center housed in the department of emergency medicine. This conversion plan is an extraordinary opportunity for all of us to comment, discuss and prioritize about the public and its health. I have dedicated my career in Wisconsin to the public's health, caring since 1976 for thousands of patients seeking emergency care regardless of their ability to pay, helping to establish a community health center in Milwaukee's River West area, serving on several community boards including as past president of the Wisconsin Public Health Association, having successfully led its office move from Milwaukee to Madison to be closer to the public policy decision makers who need extensive comprehensive information. Working to train

tomorrow's community care givers and leaders and developing and implementing a policy relevant research agenda that addresses the leading cause of death in our youth. This proposed gift to Wisconsin citizens through the stewardship of the two medical schools that serve the people of the state provides all of us with an extraordinary opportunity. Two great institutions with an established commitment to patients' health now poised to take on this extraordinary funding with the significant additional level of responsibility of the public's health.

And I'm genuinely excited about this gift and what it can provide; the opportunity to continue and expand its partnerships with community organizations, both public and private. Dedicated to improve the community's health and addressing local, regional and statewide public health issues. The challenges to invest in tomorrow's public health leaders with state of the art curriculum and advocacy training and the determination to develop and successfully implement a policy relevant research agenda, one that provides policy makers with answers to the vexing health care problems that confront them.

One of the areas of my primary interest is firearm related-injuries and deaths in these communities, and our injury center provides comprehensive information to the policy makers to help them decide what are the best policy moves, implementation of policies, and evaluation of these policies to address this vexing health care problem. I've practiced in this great state for almost 25 years taking care of patients one at a time. This gift to the medical schools allows my colleagues and I and the community leaders and organizations, many of which have presented today, to develop the partnerships, the leaders, and the research agenda to treat our greatest challenge in patient, the public. I welcome this and support this proposal. Thank you.

THE COMMISSIONER: Thank you. Next we have Molly Carnes, followed by Ricardo Diaz, Richard Boxer and Ada Deer.

MS. CARNES: My name is Molly Carnes. I am a professor of medicine at the University of Wisconsin Medical School. I am also a physician, an educator, a researcher, a wife, a mother of two teenagers and daughter of an aging mother. I have been spear heading initiatives to develop academic

programs in women's health and women's health research at the University of Wisconsin. While these efforts emanate from the medical school, like women's health they are interdisciplinary involving faculty from the schools of nursing, pharmacy, social work, letters and sciences, business, veterinary medicine, agriculture and life sciences, and letters and sciences.

I am here today to express my support of the proposal to make the states two medical schools the recipients of the proceeds from the Blue Cross & Blue Shield conversion as well as to urge funding to be earmarked for women's health issues. Women make up 51 percent of the population of the state of Wisconsin, make more physician visits, consume more prescription medications, make the majority of health care decisions for their families, and constitute an increasingly well educated and economically powerful force both in the state and in the nation. The voices of women were heard strongly in the surveys of Wisconsin citizenry. In these surveys 89 percent of respondents cited women's health as a public health problem about which they were concerned. Furthermore, 84 percent cited aging as an area about

which they were concerned. Because women age with more disability than men, live longer, are more likely to be care givers of disabled spouses and require far more home health care and nursing home care than men, any aging issue is also a women's health issue.

We are fortunate at the University of Wisconsin to be one of 17 sites in the nation to have a national center of excellence in women's health funded by the United States Public Health Service one year ago. This initiative mandates the promotion of models of care that are responsive to the very different needs of all women across the life span, and it mandates the creation of partnerships with community organizations around women's health issues.

In response to these mandates we have drawn together in a common purpose academic leaders who have spent years devoted to advancing women's health, women's health research, or curricular reform related to gender-specific health. We have also spent the past year educating ourselves on the important women's health issues in the state and building networks and coalitions among academic, professional, community, private and public groups

around issues of women's health. These partnerships have been formed by doing what some people say women do best, talking and talking about women's health issues. Researchers talking to educators. Clinicians talking across specialties. Social scientists talking to biologists, professors talking to politicians. Women in the full spectrum of salaried employment talking to nonsalaried women who work at home. And we have been doing another thing that women do well, listening and listening to women's voices around the state. Married, single, divorced, grandmothers, adolescent girls, midlife women, women from diverse cultures and races; Hmong, Hispanic, African-American, American Indian women, woman with disabilities, women who are poor, women in nursing homes, women in rural areas who are geographically isolated, women who are victims of partner violence or childhood sexual abuse. Each of these women are wonderfully unique and yet all these women share common concerns about their health and the health of their families. Activities of the Center of Excellence show how funding academic leaders through the medical school translates quickly into improved health in the entire state. For example, in the past year we have established

and maintained a web site to provide access to information on women's and girls' health. In collaboration with the Wisconsin Women's Health Foundation we have provided experts from UW to travel around the state and in conjunction with local health professionals reach women on a one on one basis through the rural health round tables. We are consulting with Wisconsin Public Television on bringing health and wellness information to the women of Wisconsin. We worked closely with the regional public health service office to develop a conference on health issues for adolescent girls based on focus groups of girls in this region. We are represented on the Wisconsin Migrant Workers Coalition to learn about health issues facing this -- the growing number of migrant and seasonal farm working women. We have developed a large and diverse advisory committee with broad racial, ethnic, community and academic representation. Throughout our community outreach program we have mentor'd a parish nurse in grant writing, something we know very well at the University. A parish nurse in grant writing a successful proposal to begin an exercise program for African-American women through the witness project. Such efforts to empower

community leaders are vital in ensuring that health and wellness efforts become self-sustaining.

To ensure continuation of the momentum generated by the National Center of Excellence, we have used its framework to establish a center for women's health and women's health research. Therefore, because the infrastructure is in place and the groundwork lain, funding for women's health from the Blue Cross & Blue Shield conversion will hit the ground running. I want to reiterate my support and thank you.

THE COMMISSIONER: Thank you. Next we have Ricardo Diaz followed by Richard Boxer and Ada Deer.

MR. DIAZ: Thank you. My name is Ricardo Diaz. I'm the executor director of the Milwaukee Public Housing Authority, and I'm here in support of this proposal as submitted. The Milwaukee Housing Authority serves, operates 5,000 units of public housing in the City of Milwaukee. That makes us the largest landlord in the state of Wisconsin. The 5,000 units serve approximately 13,000 citizens of the City of Milwaukee. Over the past year and a half as a result of a partnership with the Medical College of Wisconsin, I can safely say that the

quality of life and the quality of health for public housing residents of the City of Milwaukee has been greatly enhanced. Efforts such as cancer screening, hiring of eight public housing residents to serve as advocates for their peers as well as having medical students physically on the premises of public housing residents to offer opportunities for role models for our children have been activities that have really improved the quality of our residents. We really would ask you to support the efforts that have been made by the Medical College. We think efforts like they have made over the last couple of years were not only enhanced but quite frankly can be strengthened over the next few years. Thank you very much.

THE COMMISSIONER: Thank you. Next we have Richard Boxer followed by Ada Deer followed by Steve Jackson.

MR. BOXER: Commissioner O'Connell and the fellow members of the public. Thank you for the opportunity to address you today. My name is Richard Boxer. I've been in private medical practice in Milwaukee for nearly 21 years. I was born and raised in Milwaukee and educated at the University of Wisconsin and University of Wisconsin

Medical School. I am on a volunteer faculty of both medical schools and also have a presidential appointment to the National Cancer Advisory Board which effectively is the board of directors for the National Cancer Institute. Therefore, I have personal knowledge about the care of patients within southeastern Wisconsin, the two great medical schools, and I have an understanding of health policy, community medicine, and surgery throughout Wisconsin and the nation.

There's an extraordinary event occurring in Wisconsin. We have an alignment of incentives for the citizens of Wisconsin, an insurance corporation and two medical schools. Although this is a win, win, win situation, the citizens of Wisconsin are the greatest winners, for they will receive not only the $250 million, they will receive the continued concentrated efforts of some of the greatest medical minds of the state. The results of the efforts of these two great medical centers will be felt for generations into the future. The proceeds of the conversion will be the engine that allows the astonishing discoveries that will prevent as well as cure illnesses in the future. The money will convert the dream of better

health for our citizens into reality. The future of Wisconsinites will -- in the future the Wisconsinites will thank Blue Cross, MCW, UW and the state of Wisconsin for the vision of being able to use the money wisely and responsibly. There are many reasons why the two medical schools are uniquely qualified for the recipients of the proceeds of the Blue Cross conversion. They are nationally recognized as centers of excellence. They have an outstanding reputation for ethics and integrity, efficiency, education, basic and clinical research, and have an established record of responsibly managing hundreds of millions of dollars of government and private sources.

Wisconsin and its citizens can be certain that the $250 million will be efficiently managed and used properly for the benefit of all Wisconsinites. Although there are many worthy organizations that wish to participate in the distribution of the money, the Commissioner and the state should consider the broad and diverse experience and the areas of expertise encompassed by these two great medical schools. Their strong history of contributing to the better health within the entire state leaves the inescapable conclusion

that the combined efforts will lead to a lasting improvement in the health of the state.

The advantages of directing the proceeds of the conversion to the coordinated efforts of the two medical schools are as follows. They are two public trusts with all the oversight, community input, accountability that the trust entails. The two institutions have been the principal leaders in focusing upon community collaboration and serving the needs of all members of the community. They are dedicated to using a significant portion of the funds to improve the public health, including the various diseases that have been mentioned earlier. In the cooperative effort the two schools will develop a world class public health school, and very importantly, the two medical schools are working closely to avoid duplication and waste. There have been countervailing arguments against the medical schools receiving the funds or the funds exclusively.

I am serving or have served on the boards of directors of 17 philanthropic organizations ranging from specific disease advocacy groups, hospital organizations, community groups or religious-based groups. I have a unique perspective

in the advantages of parcelling out the money as opposed to giving it to the two medical schools. The most important thing is, the greater the number of organizations that receive the funds, the more the number of bureaucracies that will be using the money for purposes other than improving the health of the citizens of Wisconsin. The diverse organizations have excellent intentions, but they lack the broad vision that is essential to provide the entire state with improvement of public health. The advocacy groups have a focused mission in that they do not have the capability of performing the four-fold mission of education, research, patient care and outreach that is the heart of the use of the funds. The two medical schools will be accountable and promote oversight so that the public will have annual reports that will be posted on web sites for everyone to evaluate. The two medical schools will be establishing an enhancing rural and community health fund overseen by the community and by the universities.

Finally, there is a concern that the use of the proceeds will be used for buildings. Each medical school has already stated that no more than 25 percent of the money will be used for

infrastructure. Finally, we are about to embark upon the beginning of a new millennium. This new era will bring an amazing new number of medical discoveries. It is very rare for people to pier into the future and know they can make a difference. Our state officials, Blue Cross, and the two medical schools have that rare opportunity. We in Wisconsin will be the fortunate recipients of the ingenious minds that work to improve our daily lives. The best medical minds that are searching for the answers work at our two great medical schools. Wisconsinites are truly privileged to have an alignment of stars for the advancement of health now into the future.

There is a remarkable opportunity to supply the fuel that the medical schools will need by granting these funds. Our children will provide the energy and the knowledge. We must now have the wisdom to provide the money that will fund the great discoveries of the future. Wisdom is the combination of experience and knowledge. The state and its representatives, Blue Cross and the two universities have the wisdom to manage the funds efficiently and to improve the health within the state. The good judgment demonstrated today will

serve the citizens of Wisconsin for future generations. Thank you.

THE COMMISSIONER: Thank you. Next we have Ada Deer followed by Steve Jackson.

MS. DEER: Good afternoon, Commissioner O'Connell. I am very pleased to be here today to present a statement on behalf of this wonderful proposal. My name is Ada Deer. I'm a Senior Lecturer with a joint appointment in the School of Social Work and the American Indian Studies Program. I'm also a member of the Menominee Indian tribe of Wisconsin and the former assistant secretary for Indian affairs in the Department of Interior. I'm here today to express my support of the proposal to make the state's two medical schools the recipient of the proceeds from the Blue Cross & Blue Shield conversion. I strongly believe that the two schools will be excellent stewards of these funds. Giving the funds to the two schools will increase the likelihood of the funds being used to maximize their impact on the health of Wisconsin. The schools are already involved with all aspects of health from the education of health care professionals to research on the major causes of disease, disability and death, to delivering health care to patients, to

providing service to communities across the state. The schools' focus is not limited to a single disease. They deal with a broad array of health problems from the common and benign to those which are rare and life threatening. They are concerned with multiple population groups including underserved populations such as the native American tribes. I might add that there are approximately 50,000 native people in the state, 11 different tribal governments and six tribes. And approximately half live here in the urban area of Milwaukee.

The schools already have many existing partnerships with community groups that are key to their success in education, research, clinical care and outreach. The funds will be placed in an endowment to ensure that they are available to meet the changing health needs of future generations. I'm impressed by the comprehensive plan that the two schools have put forth to address the health needs of the citizens of Wisconsin. I'm also particularly pleased that the plan explicitly recognizes the needs of the state's native Americans, a group with tremendous health needs and concerns.

As we approach the coming century with the census that's coming up, I can guarantee you that the native people of this country will be at the bottom of the socioeconomic ladder, and every census this occurs, and with this proposal's opportunities, we can make a significant dent.

Within the UW plan I see multiple opportunities for addressing the health needs of Wisconsin's native Americans and collaboration between the tribes and the school. The first opportunity comes from the enhancing rural and community health which will make funds available for innovative projects addressing targeted needs in rural and urban communities to be done between the community groups and the UW Madison faculty. Grants will be awarded on an annual basis using a collaborative process based on predetermined criteria. A committee chaired by the medical school Dean and including representatives from governmental health agencies and voluntary health organizations and community leaders will oversee the annual process including finalizing review criteria, reviewing applications, and determining successful projects.

A second opportunity is with the

Commitments to Serving the Underserved Populations of Wisconsin. Wisconsin's Native Americans reside both the rural and urban areas. The Medical School has committed to providing more training opportunities for medical students and residents in rural areas. In addition, the school plans to create a Center for Urban Population Health based in Milwaukee with linkages to other urban sites serving the uninsured and underinsured, such as the existing South Madison Clinic and a new clinic in Beloit. A third opportunity lies with the Preventing Disease Through Research Initiatives. We believe there's great potential for epidemiological research to help improve the health of our people and are excited for the potential for increased collaboration between the epidemiologists at the Great Lakes InterTribal Council EpiCenter and those at the UW Medical Schools.

In sum, I want to close by reiterating my strong support for the designation of the conversion related funds to the state's two medical schools. I believe that the UW Medical School has a sincere interest in the Native American health issues and the plans creates opportunities for addressing the tremendous needs of the Native

American population. As such, I want to take this opportunity to commend all of those involved in its development. There has been a wonderful vision and leadership demonstrated in all aspects of this conversion and development of these proposals. And, again, my strong support for the proposal as we as citizens of the state look forward to new era in the 21st Century. Thank you.

THE COMMISSIONER: Thank you. Next we have Steve Jackson.

MR. JACKSON: Thanks for the opportunity of being here after 4:00 p.m. I couldn't get here any earlier and it's good to see the insurance commissioner soliciting input even from ordinary people like myself who are not on the payroll of one of the institutions that would benefit from this conversion. I would not benefit from this conversion. I don't have health insurance. And when I was at the door out here the person who took my name said, who do you represent? And I said, well, I represent myself. But I also represent probably 400,000 people in this state who don't have health insurance and whose interests I do not believe are adequately addressed by this conversion plan.

In summary, I think that there should be no conversion unless there's a mandate to move forward and make sure that there's health insurance for all the uninsured and underinsured people in the state. Thank you.

THE COMMISSIONER: Thank you. At this juncture I have no other speaker slips. Is there anyone else in the audience waiting to speak that has submitted a slip and has not been called? We have received written testimony. If some of the names that we have called, people that had to leave, if any of you can suggest they submit written testimony, that would be greatly appreciated. I have written testimony from speaker Jensen who was unable to attend the hearing but wanted to provide that testimony. Be sure we have all of the formalities of closing the hearing done. Again, written comments can be submitted for the record until 5:00 p.m. on December 13th, 1999. Those comments should be sent to the Blue Cross Conversion Comments, Office of the Commissioner of Insurance, P.O. Box 7873, Madison, Wisconsin, 53707-7873. In the near future the Appraisal Committee and the OCI staff will be making recommendations to me as Commissioner regarding the conversion. These

recommendations when completed will be made available on OCI's web site and available for public review. There will be an opportunity to comment on those recommendations. The period of time is yet to be determined prior to rendering a decision on the application for conversion. This concludes Day One of the Section 601.62, 611.76 (6) and 613.75 of Wisconsin Stats, the Blue Cross Blue Shield United of Wisconsin application for conversion informational public hearing. The public hearing will resume in Stevens Point, Wisconsin on Tuesday, November 30th at the Laird Room, the University Center, UW-Stevens Point campus at 10:00 a.m. tomorrow. The public hearing is concluding at 4:40 p.m. Thank you.

(Proceedings concluded at 4:40 p.m.)

STATE OF WISCONSIN)
) SS:
MILWAUKEE COUNTY)

We, Rosanne E. Pezze, RPR/CSR/CRR and Julie Poentisch, Notaries Public in and for the State of Wisconsin, do hereby certify that the foregoing Transcript of Proceedings were recorded by us and reduced to writing under our personal direction.

We further certify that we are not a relative or employee or attorney or counsel of any of the parties, or a relative or employee of such attorney or counsel, or financially interested directly or indirectly in this action.

In witness whereof, we have hereunto set our hands hand and affixed our seal of office on this 29th day of November, 1999.

ROSANNE E. PEZZE, RPR/CRR

JULIE POENTISCH, RPR/CRR