

VIEWPOINT

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EURO ZONE TALKS

Dialing back criticism of the Germans

BY KLAUS BECKER and
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During the final negotiations on the future of Greece in the euro zone, Dominique Strauss-Kahn, the disgraced French politician, criticized Germany for humiliating Greece. With accusatory righteousness, he states Germany sought an “ideological victory” at the expense of “fragmenting the Union.”

Are the Germans really so bad?

Welcome to a new Germany, one that is a global economic power, but also a nation whose people can react to such comments with ease and even irony. The tides of change have been shifting for some time, as evidenced by the success of the 2006 FIFA World Cup, hosted by a proud Germany whose patriotism was accepted by the world.

The BBC Annual Country Ratings Poll has Germany as the most positively viewed nation. In an even stronger signal of a shifting global view on Germany, 68% of Israelis have a generally positive view of the country.

Among potential immigrants, Germany ranks second only to the U.S. as a destination country. A key reason is the job market, but one might safely assume a positive view of the country plays a role. *The Guardian* concluded “It’s OK to like the Germans” in a 2014 article.

Regarding the accusation of fragmenting the European Union, why would Germany have pushed for a third and costly rescue mission to keep Greece in the euro zone? What Strauss-Kahn & Co. fails to see is that while Germany might be strong, it’s far from strong enough to dominate the continent.

Even some Frenchmen see the benefit of the strong German stance. Guy Sorman of *Le Monde* recently wrote that German Chancellor Angela Merkel “defends the institutions and agreements and we should be grateful for this.” Michel Rocard, a former French presidential candidate said, “Twice already has Germany paid when Europe threatened to fail.”

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N.C. SENATE PROPOSAL

Medicaid reform risks access to care

Legislators have set some laudable goals for reforming the state’s Medicaid system. Medicaid, as a reminder, is a health-insurance program that primarily covers children, pregnant women, people with disabilities and low-income seniors. Like all large organizations, especially those in the world of insurance, Medicaid in North Carolina could stand some modernizing. Policymakers say they want to create a well-integrated structure for patients and providers while delivering accountability and predictability to taxpayers and budget writers.

That is the rhetoric. Recently, however, the N.C. Senate passed a Medicaid reform bill that meets none of these measures. In fact, this proposal will not work for patients receiving care, it will not work for the doctors and nurses who deliver care and it will not create more predictability for the state.

The bill’s fundamental flaw is its introduction of a highly complicated scheme into an already complex program. Dismantling our current Medicaid networks and building a new structure with so many moving parts will invite fraud, abuse, waste and inefficiency. It will also shift local control to large private corporations. Ultimately, state bureaucracies will have to expand under this bill to provide increased oversight, to pursue lawsuits and to chase down hefty fines against private insurance companies.

Here is a basic outline of the legislation: A newly created Department of Medicaid would end its coordination with nonprofit physician networks and instead contract with three large Medicaid managed-care



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insurance companies; local provider-led networks could form and compete for Medicaid business; the state will receive bids from these insurance companies and providers for a set amount of Medicaid funds over a limited time period. If an insurance company goes over budget, then it eats the loss. If an insurance company comes in under budget, it keeps the profit.

Needless to say, shareholders do not like to see losses. That’s where this plan gets messy.

Private Medicaid managed-care companies have a long history of delaying and denying care as a way to cut costs and increase shareholder profits. In 2007, Amerigroup, a company that has expressed interest in the North Carolina market, was fined \$190 million for filing 18,000 false Medicaid claims, and in 2008 the company settled a \$234 million lawsuit for discriminating against pregnant women and other high-risk patients. In 2010, Amerigroup was fined for not properly enrolling newborns in their mothers’ health plans. In 2007, another Medicaid managed-care company that wants a piece of our state’s business, Centene, was fined in Georgia for

taking longer than two weeks to authorize critical medical services for patients. The company had to repay \$8 million to Kentucky for improperly failing to cover preventive care provided in schools. And when Centene started losing money in the Bluegrass State, the company pulled out before the end of its three-year contract.

Predictability indeed.

The Senate bill is also a bad deal for doctors, nurses and hospitals. In the first year of implementing Medicaid managed care in Kansas, Amerigroup, Centene and United HealthCare failed to meet contractual goals for timely payment of claims. And while caregivers can form “provider-led entities” under the legislation, such arrangements are undermined from the outset. The regional provider groups, for example, must meet the same solvency requirements as private insurance companies. They must also stay within strict budget limits in their first year of operation. If they provide too much care at too much cost, then they take a financial hit, just like the insurers. Saying that a collection of struggling rural clinics must compete for business on the same terms as a billion-dollar corporation is no competition at all.

Finally, the most shortsighted feature of this plan is that it does not expand coverage. If we accepted Medicaid expansion to cover 500,000 more North Carolinians, the state would generate 43,000 new jobs and receive more than \$20 billion in federal funds to finance reform.

Everyone agrees we should improve Medicaid in our state. But the Senate reform bill will increase the program’s problems while dismantling what currently works in the system.

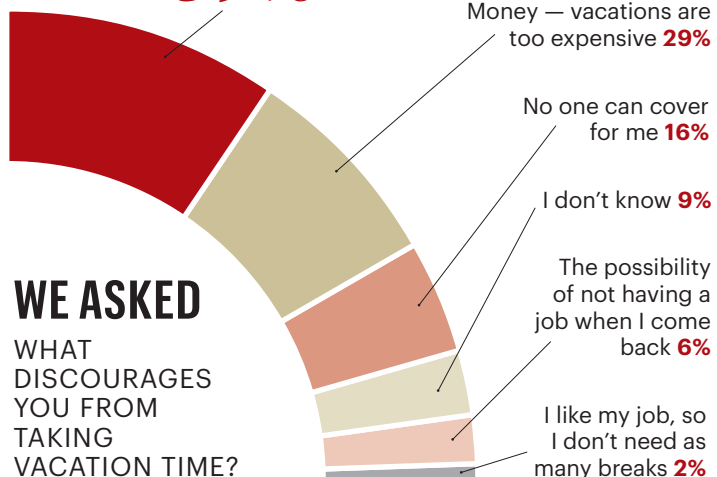
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