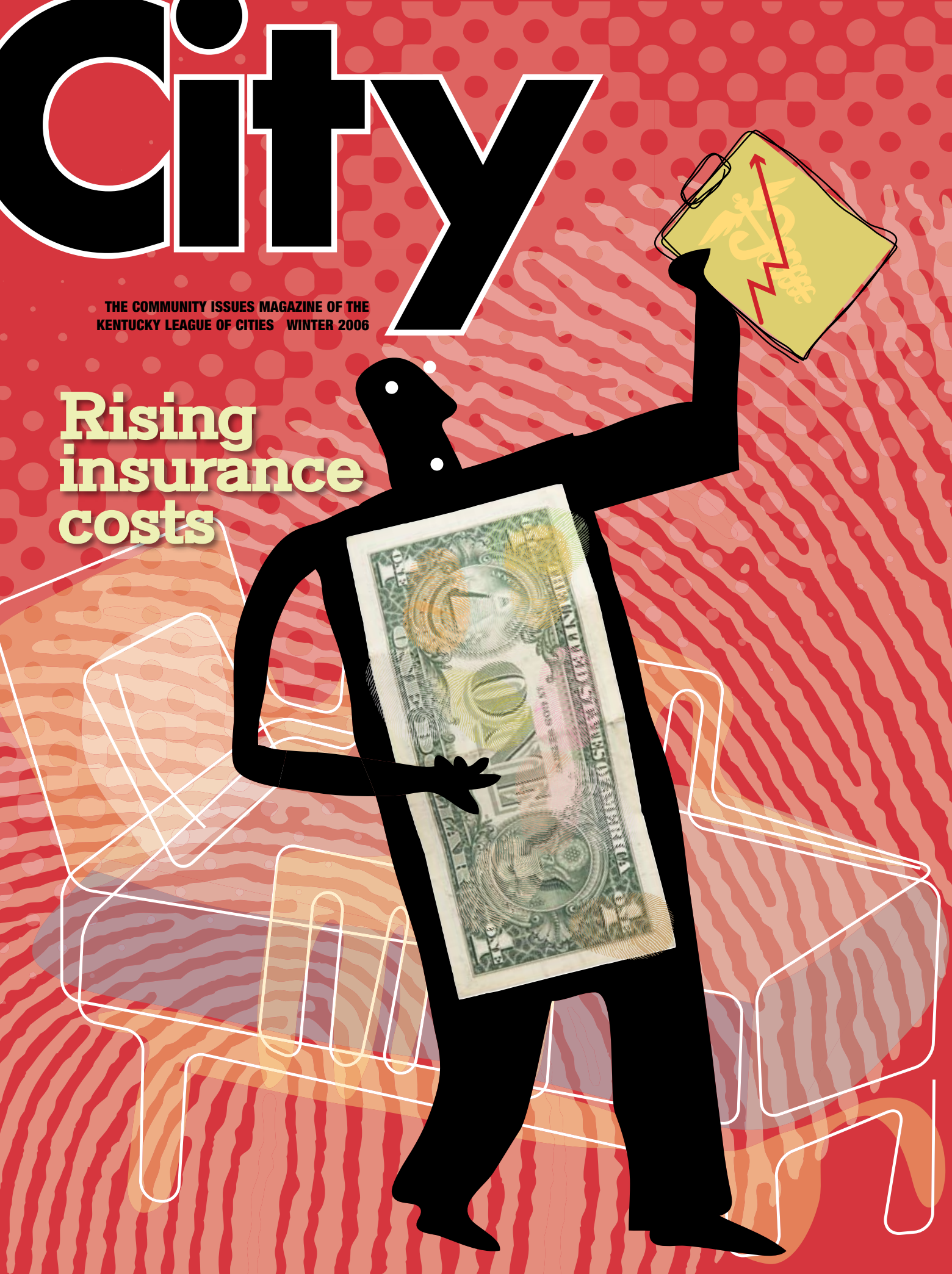
City

THE COMMUNITY ISSUES MAGAZINE OF THE
KENTUCKY LEAGUE OF CITIES WINTER 2006

Rising insurance costs



It's a thankless job. (And we're proud of it). The things you don't think about, cities provide. Like streets, parks, utilities and safety – not to mention a greater quality of life and economic growth. But cities can't function with their hands tied by restrictive laws or unfunded state and federal mandates. You can help. Support measures that give cities options to build a better future. It's in everybody's best interest.

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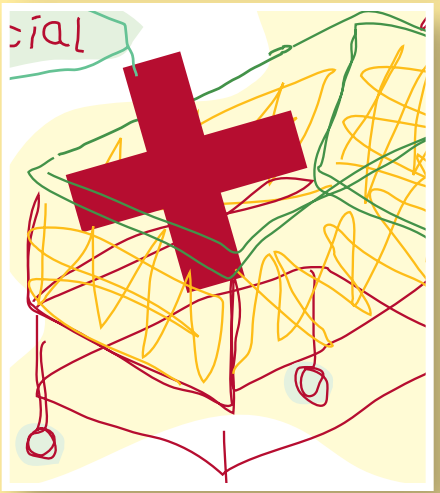
BY DAVID MUDD



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BY SYLVIA L. LOVELY
AND SCOTT B. SCUTCHFIELD

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Scott B. Scutchfield is assistant professor of surgery at the University of Kentucky College of Medicine.

It's high time we convene 'The Kentucky Ugly Hunters'

Charlie to Linus one starry night: "There are a billion stars in a billion galaxies in a billion universes."

To which Linus replies: "I love my dog."

As "Peanuts" wisdom goes, this one strikes a particularly significant chord. When the world seems too vast to comprehend, we often turn inward and seek comfort in connection. When those stars suggest we are insignificant, thank heaven for Snoopy.

In this day and age, the world grows more and more intrusive with global pressures and rapid change. We can feel the weight of it on our shoulders. So we turn to community—our own collective Snoopy—to find connection and caring, to know we matter.

But if we try to make this a retreat from the world, an awful price can be paid. Our communities would run the very real risk of economic stagnation and, in many cases, the eventual inability to even exist.

Rather than ponder its weight, we need to find ways to embrace this new world with open arms. We can't make it go away. But we can transform our thinking and organize our efforts to make the best of it.

Those of us who are positioned—either by luck or talent—to make a difference must make the commitment to do it.

In Kentucky, there are a number of people already working hard. But we need a more coordinated approach that pools talents, shares vision and capitalizes on each other's strengths.

For a couple of folks from Appalachia, we have a fair number of contacts in Kentucky. Fans of the book *Tipping Point* would recognize us as "connectors." We have frequent interaction with organizations, activities, boards and the like—and we are drawn together by our interest in using democratic principles to solve community problems.

What brought us together was the publication of *The Little Blue Book of Big Ideas* by one of us and the other's work with the Kettering Foundation, which focused on community deliberation for solutions to health problems. And so we recently began to discuss a number of such issues facing people in the Commonwealth.

Both of us are weary of Kentucky's dreadful statistics in a number of areas—not only in health, but also in educational attainment, socioeconomic status, drug use and abuse, and so on.

What struck us the most was that the state and its people seem to be stuck on the "problem list." Meanwhile, largely overlooked were several communities that wanted to—and could—find solutions to "the Kentucky Uglies," as University of Kentucky President Lee Todd calls them.

We believe many of Kentucky's problems originate from sociological factors. Such upstream issues as jobs, poverty and education are powerful determinants of health behaviors and health status. In turn, health status affects everything from economic development to educational attainment.

This is why we need to identify and mobilize a broad cross-section of Kentuckians to deal with the problems in health and other critical areas.

The importance of getting several people involved became apparent when the two of us shared what we knew about health solutions. Both of us are reasonably knowledgeable people, but each of us mentioned things that the other wasn't aware of. It's also reasonably certain there are some aspects that neither of us has considered.

This was not limited to us. As we visited with others, they expressed frustration because, while there were

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things being tried, each seemed to be occurring in a vacuum.

No one had a list of everything that individuals and groups are doing to solve community problems—much less a role in coordinating these activities. What is needed is someone who could align objectives and create a much-needed synergy. We need shared energy and commitment, not to mention a pooling of resources.

We need shared energy and commitment, not to mention a pooling of resources

That is why we think it is time to have a major summit of "The Kentucky Ugly Hunters"—a group that could take the first step in pulling together all the positive initiatives taking place in our state.

We have identified such hunters in a number of fields, including education, city government, organizations, people in various state government positions, educational television and universities. Media, too, have a role to play, as does the nonprofit sector.

To get the ball rolling, we offer two modest suggestions:

A gathering of representatives from these various groups and agencies would at the very least get everyone involved and let them know all that is going on—and how one might piggyback onto someone else's efforts.

A clearinghouse—a web site, for starters, where you can let others know what you are doing and enlist their support. Such a holistic effort would illustrate to potential grantees that all of us are on the same page.

We strongly believe that the mechanism for solving Kentucky's problems lies in its citizens. For that matter, solutions anywhere are in the best hands of people who take on responsibility and are resolute.

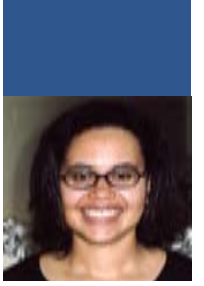
Naming and framing issues for public deliberation and action is a powerful tool.

We can continue on our current path, quoting statistics that illustrate the "woe is me" problem, or we can begin to come together as a state and use the assets we have to mobilize citizens, organizations and agencies and deal with our problems.

It is high time we did the latter. And in that spirit, we welcome the suggestions of others regarding this initial proposal.

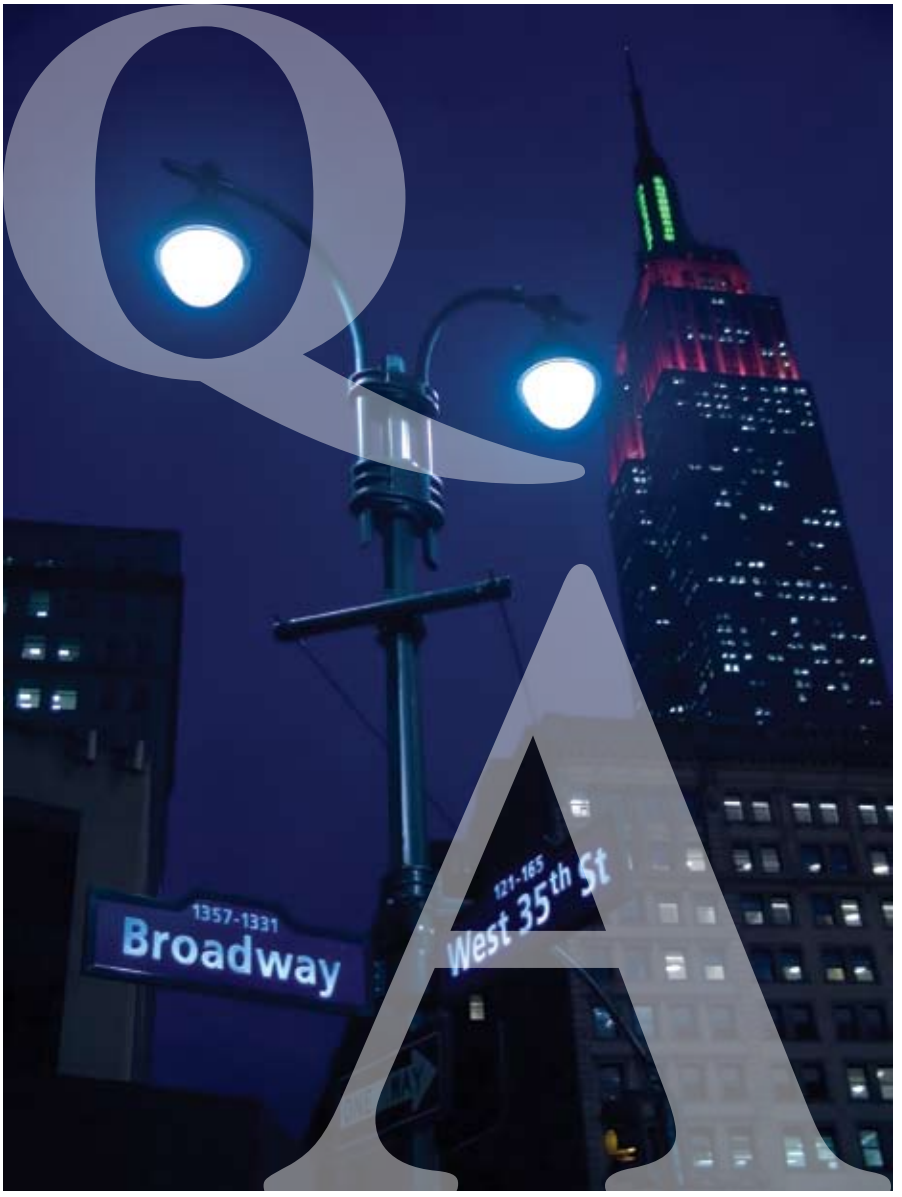
City BUSINESS

BY FEOSHIA HENDERSON



Feoshia Henderson is a freelance writer and suburban reporter for the *Cincinnati Enquirer.*

Broadway producer adding emphasis to the arts in Owensboro



After years of being his own boss, establishing arts centers and amphitheaters across the country, Zev Buffman settled along the Ohio River in Owensboro as president and CEO of RiverPark Center. At the helm of the regional arts center for two years, the Broadway producer has pumped millions into Owensboro's economy by luring companies looking for a cheap and professional place to build and rehearse Broadway shows.

Buffman left the sunnier climate of Palm Springs on a mission to put Kentucky on the world's arts map. In addition to the shows – "The Who's Tommy" Asian tour was slated to premiere there in January – the RiverPark's 2006 International Mystery Writers Festival will draw playwrights from across the globe.

Buffman recently spoke with *City* about his time in Owensboro, the arts' impact on the community and events at the RiverPark Center.

***

Q. How did you make your way to Owensboro?

A. Like most things in life, the big decisions aren't the ones you expect to make but are made for you. In 1993 after RiverPark Center opened I was in Louisville visiting one of my Broadway shows. "Joseph and the Amazing Technicolor Dreamcoat" was opening at the Kentucky Center. As a producer you're supposed to be there on opening night to rally the troops and for social stuff. At the end of performance (Michael Hardy, executive director of the Kentucky Center) said, 'Have you seen the miracle out west?' I thought he meant San Francisco or something. He said there is the little town called Owensboro and I said spell it, and he did. He said for years they've been trying to build an arts center on the Ohio River. None of us really thought they would pull it off because there was nothing there. …

Ten years later my wife and I were living in the Palm Springs area and I was building a sports arena and doing three or four other projects. I was reading the trade papers and saw this half-page ad saying the RiverPark Center is seeking a chief executive and president. Almost as a lark I sent in an application and resume and about a month later got a call. … I made the short list and the rest happened very quickly. In all my years in show business I never thought of doing something like that, but it really got me. And before we knew it, I signed a contract, bought a house in

Owensboro and never looked back.

Q. How is the RiverPark Center funded?

A. The RiverPark Center is a nonprofit. It is funded in a small part, smaller than normal, by the state. … The vast majority came from citizens and businesses. The theater cost $20 million to build 14 years ago and continues to run as a nonprofit. In the last seven years it has always been in the black, which is unusual. It was in good financial shape because of strong citizen and corporate support. … I'm sort of a new Kentuckian on a mission. I think it was one of the states left behind and we need to catch up. And I take that very seriously.

Q. What areas do people come from to view your attractions?

A. The immediate market is about a 50-mile radius that does not include Evansville, Indiana because it has its own performing arts center. We play regularly to over 30 counties in (western) Kentucky and 10 counties in southern Indiana to the east of Evansville. We have the richest program for kids from kindergarten to 8th grade and even in a small market … we play to 50,000 school children every school year. It's a tremendous achievement, especially in proportion to our size.

Q. What role does local government have in supporting the arts?

A. We have two bodies, the City of Owensboro and Daviess, the county. They have been very supportive of all of the arts and the RiverPark Center more so. As I've studied the rest of the state they are probably in the top 10 percent in terms of support. The city has been there since the beginning. Daviess County lagged behind; in the last two years they've joined ferociously. The main reason for that is we demonstrated that we created economic development. They are involved in every project financially or in an advisory role or by opening doors or making things easier for us. (Government) can help more than financially, from transportation to sanitation to signage. There are a whole variety of things that translate into dollars and cents.

Q. How can communities build support for the arts?

A. Help is not going to be coming in a great way unless facilities begin seriously and aggressively generating economic development such as filling hotel rooms. They need to show that they care for the kids and take care of them. We have a theatre academy for college-age students and young adults and we create opportunities for them. Outdoor festivals that generate tremendous attendance that help hotels, restaurants and gas stations. It's not just us saying 'Gimme, gimme, gimme.' We're giving and (the community) should give back. And I think that is the key.

RiverPark Center Highlights

Broadway show premieres: Each show brings $1.5 to $2 million to Owensboro and employs 100 to 120 people.

2006 Shows:

The Who's Tommy" Pre-Tokyo and Asian Tour Premiere
"Blast II/MIX" Pre-Tokyo and Asian Tour Premiere
"The Producers" The new North American Tour premiere

Festivals

"Winter Wonderland" is a six-week indoor/outdoor tri-state holiday celebration that features an outdoor ice skating rink, sleigh rides and holiday movies.

The first mystery playwriters' festival will premiere in the spring of 2006. This will be the only new play festival in the English-speaking world specializing in "Discovering New Mysteries." Tony & Emmy Award-winning star Angela Lansbury will present "The Angie" Awards and cash prizes to the winning writers during the grand finale on May 28.

In July 2005, the center offered its first Young Adult Theatre Academy. Thirty students will be selected each summer to participate in this new program.

Source: RiverPark web site: www.riverparkcenter.org

City WRITERS

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City LETTERS

City welcomes letters and suggestions for articles from readers. Please direct your comments to the Executive Editor. Mail to: Kentucky League of Cities, 100 East Vine St., Suite 800, Lexington, KY 40507.

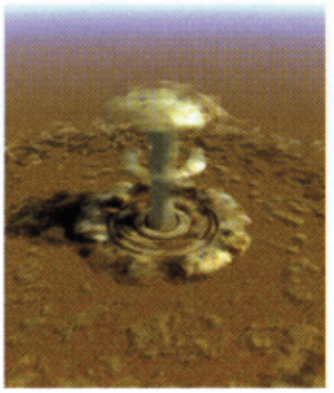
E-mail: city@klc.org. Please include your full name and address.

City LEADERS

BY NEIL HACKWORTH

Neil Hackworth is Deputy Executive Director of the Kentucky League of Cities and a former mayor of Shelbyville.

Local government pensions: A time bomb about to go off



In the late 1970s and early 1980s, the Legislative Research Commission conducted a study of local government pension plans. It found that 35 to 40 cities had defined benefit pension plans for police officers and firefighters and, in some cases, non-uniformed personnel.

The study revealed that most of these plans were under-funded. As a result legislation was passed in 1984 requiring cities to close the existing defined benefit plans to new members and include newly hired workers under the County Employees Retirement System (CERS). The new law was challenged on constitutional grounds by the Kentucky League of Cities; KLC won its suit and voided this legislation.

A similar bill was introduced in 1986 with changes that made it a little more economical for cities to join CERS. This bill was opposed by KLC and failed to pass. But apparently the third time was the charm. Legislation enacted in 1998 gave cities with existing plans the option of joining the CERS. Cities that started a defined-benefit plan for employees after Aug. 1, 1988, were required to join the county system.

Cities which opted to join CERS had to pay the cost of including long-term employees in the program and decide whether to offer hazardous or non-hazardous retirement to police officers and firefighters.

Non-hazardous duty retirement allows an employee to retire with full benefits after 27 years of service or upon becoming 65 years old after five years of service. Benefits are calculated by multiplying the number of years of service by a percentage factor. In general, employees with 27 years of service receive about 60 percent of the average salary they were paid during the five years when they earned the most, plus individual health insurance coverage under the state's plan.

Hazardous duty retirement allows an employee to retire with full benefits after 20 years of service or at the age of 55 following five years of service. These benefits are calculated using a higher multiplier. In general, employees with 20 years of service receive 50 percent of the average of their highest five years of salary plus *full family health coverage* under the state plan.

Obviously, this means that many police and firefighters can retire in their early 40s with 50 percent of their salary and full family health coverage. Most of these workers take other jobs, including new positions as police and firefighters where they can become entitled to a second pension under CERS. And these retirees are entitled to a lifetime of full family health insurance which, given current life expectancies, can be for 30 to 35 years beyond their retirement.

As might be expected, many city workers lobbied their city councils to join CERS to give them access to these pension benefits. Police and firefighters lobbied for hazardous duty retirement benefits, as well.

Most cities agreed to these changes, fearing that employees would take jobs in nearby cities where these benefits were being provided or leave for the private sector where they typically could get a better salary as well as pension and health benefits. Over the next several years, most cities joined CERS and most adopted hazardous duty retirement for fire and police.

Today, local governments, including cities, find themselves with a state-run defined pension fund that has substantial unfunded liabilities. As of June 30, 2005, the pension system's unfunded liability in the retirement account totaled almost $326 million for non-hazardous retirees and just over $343 million for hazardous duty retirees. These are probably manageable.

Unfortunately, however, the health insurance account had an unfunded liability of more than $2.1 billion for non-hazardous and just over $924 million for hazardous duty retirees. That amounts to a staggering total of more than $3 billion for the combined funds. It is hard to see how cities and, ultimately, city taxpayers are going to make good on these retirement promises unless something is done to stop the bleeding.

In an effort to make these funds actuarially sound, the state has mandated that cities and counties pay substantially higher contributions each year to the pension fund for their employees. The current contribution rate that cities must pay on an employee's salary is 25.01 percent for hazardous and 10.98 percent for non-hazardous duty. In the next fiscal year, those contributions will be 28.21 percent for hazardous and 13.1 percent for non-hazardous.

These rates are already forcing cities to consider service reductions. And they are projected to increase to 44.8 percent for hazardous and 24.17 percent for non-hazardous by fiscal 2016, just 10 short years away. Clearly, such astronomical rates will

ultimately require cities to reduce the size of police forces and eliminate substantial numbers of firefighters.

To make matters worse, there are similar unfunded liabilities in the state retirement plan. Yet, for seven of the last 13 years, state government has failed to properly fund the pension plan, and the governor did not include an adequate appropriation in his budget for the 2006-07 fiscal year. Throw in the problems facing the teacher's retirement system, and it is clear that taxpayers are facing serious problems in the near future with no clear solutions.

Many factors have contributed to this alarming situation and, unfortunately, none of them were anticipated by the actuaries who established the contribution rates for cities during the early years of the plan.

The most dramatic factor has been the escalating cost of health insurance. Double digit inflation has caused the cost of these health benefits to increase exponentially. In addition, health benefits have been increased numerous times by the legislature.

Another factor was the dot-com bubble that burst, causing investments in the stock market to plummet in the late 1990s while interest rates were falling at a record pace. Investment returns on large portfolios like pension funds began to slow and have yet to fully recover. This caused the funds in these retirement plans to decrease dramatically while liabilities grew.

In addition, the legislature increased state retirement benefits, such as allowing benefits to be based on the average of an employee's highest three years of service rather than the highest five years of service.

Regrettably, some have called for eliminating defined benefit plans for government workers, arguing that few, if any, private sector workers enjoy such benefits. IBM and Alcoa recently changed to defined contribution plans where the employer only guarantees that a contribution will be made to the plan—not to the benefit level. Only about 18 percent of the private workforce enjoys such benefits.

Historically, local government employees and often state employees have enjoyed richer benefit packages, but they are paid salaries below market rates. Cities have been able to attract good workers because of their benefit packages, even though most city employees receive lower pay than those in the private sector or those who work for state government.

In Kentucky, it is not the pension fund that is extremely under funded. It is the health benefits that are seriously under funded, and it is the health benefits that must be addressed if we are going to reverse cities' escalating costs.

It is hoped that the legislature will find a way to provide defined benefit plans for local government employees at least for the foreseeable future.

Indeed, the legislature is not ignoring this looming crisis and, with the support of KLC, has enacted legislation to eliminate the inviolable contract provisions regarding health benefits for workers employed after July 1, 2004.

It has taken other action recommended by KLC to begin getting pension benefits under control in the future. But because cities are mandated by state law to pay these benefits for all retirees employed prior to that date, there are limited options for the near future.

Adding to the problem is the fact that a significant percentage of local government workers will retire before 2009 to take advantage of the high-three-year provision for determining an employee's average salary for retirement purposes. After that date, benefits will be based on the salary of an employee's highest pay for five years.

There also is a significant number of Baby Boomers in the government workforce who will retire over the next 15 years. It is likely that many of them will be re-employed by local and state governments to fill the job vacancies created by their departures.

Changes will be needed in the next few years if cities are going to have any hope of providing necessary services for citizens. State government may need to help local governments fund these pension shortfalls.

After all, it was state government mandates that caused the problem, and local governments have very few options open to them for covering these unfunded liabilities except by drastically reducing services. In the end, state and local governments must sit down together and look for a common solution to this ever-growing pension mess. What is clear is that, without state action, the time bomb will eventually go off and all Kentuckians will pay the price.

Rising insurance costs = reduced benefits, growing anxiety

BY JOHN McGILL

After seven years as mayor of Mt. Sterling, Gary Williamson has seen his city adopt four different health care plans for its employees.

"We have faced 20 percent increases on several occasions, and that's with us changing plans," he said. "We've whittled benefits back just about every year. Health went from a $5 co-pay and it's now up to $20, and we have a $2,000 deductible where that first year I think it was $500."

Small cities, hospitals, nonprofit and charitable organizations, small and mid-sized businesses and even some health departments have reported similar stories of successive double-digit insurance premium hikes.

The increase in costs along with the increase in the number of uninsured and underinsured people is a national crisis that might be close to the "tipping point," where significant reform gathers momentum and leads to fundamental change.

The shape that many believe such reform could take might be surprising to some: universal health coverage administered at the federal level.

"I've been in this business for awhile, and 15 years ago you might have been shot if you suggested that," said Mike Neff, CEO of the nonprofit St. Claire Regional Medical Center in Morehead. "But it's amazing how many times you hear that now—whether it's a mayor, a hospital administrator or a physician.

'I've been in this business for awhile, and 15 years ago you might have been shot if you suggested that...'

"You just wouldn't have heard that before. But now they throw their arms up in the air and say there's got to be some federal rational thinking brought to this that covers everybody."

A poll by the Employee Benefit Research Institute in late 2004 found that Americans are as concerned about health care as they are about national security and terrorism. Yet the costs continue to rise and the solutions continue to be elusive. Kentucky and its cities are no exception.

The Kentucky Health Insurance Research Project, an exhaustive year-long study that included public forums throughout the state, offered some preliminary findings last November. Among the results:

- In the period from 2000 to 2004, insurance premiums rose 12.2 percent per year on average nationally while wages increased only 2.9 percent annually.
- The number of Americans with employer-provided coverage fell

by 4.9 million in the same period, while the ranks of the uninsured increased by 6 million.

- Approximately 45.8 million people—15.7 percent of U.S. residents—are uninsured, with millions more underinsured.
- An estimated 14.3 percent of Kentucky's population was uninsured in 2004, a total of 576,500 people, and 28 percent of adults were uninsured at least part of the year.

Although Kentucky's rate is lower than the national rate, it is only because the state has a higher percentage of population eligible for Medicaid, 15 percent vs. 12.9 percent nationally. Even so, Medicaid brings up another red flag, given the enormous drain it is having on state budgets, including Kentucky's.

Approximately 1.25 million Kentuckians rely on Medicaid for coverage, but cuts in program eligibility could leave many of them without insurance.

Then again, even having health insurance isn't necessarily a guarantee of safety.

The Kentucky research project's findings included a Harvard study that found that 54.5 percent of bankruptcies in the U.S. in 2001 could be traced at least in part to a medical cause. But the startling number is that of those bankruptcies, 75.7 percent of them were by people who had health insurance when the health event occurred.

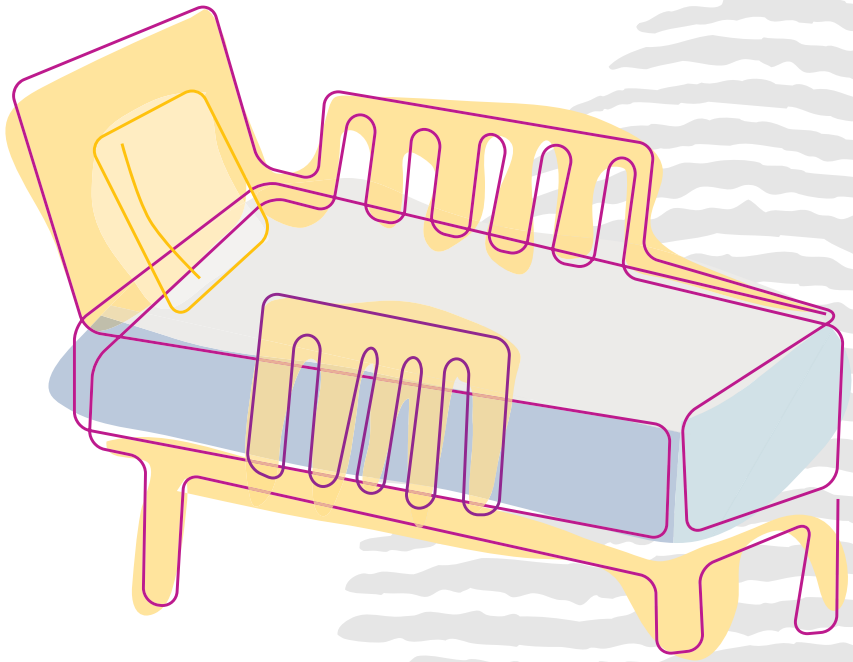
"This is particularly true of policies purchased by individuals or a family unit, or for very small employers," said Dr. Julia Costich, chair of the Department of Health Services Management in the University of Kentucky College of Public Health.

"They will have very low annual coverage because otherwise the premiums wouldn't be affordable. Let's say the maximum family coverage is $20,000. That sounds like a lot of money. But in terms of treatment of cancer, you could easily spend $100,000. And lots of families don't happen to have $80,000 in assets to put toward the balance."

Michal Smith-Mello, senior policy analyst for the Kentucky Long-Term Policy Research Center, heads up the health insurance study. She agrees with a number of national observers who fear that all the financial pressures are threatening to virtually eliminate the middle class if unchecked.

"No, I don't think there's a whole lot of exaggeration with that," she said. "There's less of a middle class than there's ever been. People who are scraping by on a monthly basis and people who we thought had pretty generous incomes are suddenly barely able to make it.

"It's not only the vulnerability people feel in regard to top health coverage, but also pension benefits—particularly how vulnerable state and municipal governments are to pension systems that are under-funded and health-care systems they've promised to people."



'There's less of a middle class than there's ever been. People who are scraping by on a monthly basis and people who we thought had pretty generous incomes are suddenly barely able to make it.'

In fact, a federal accounting change that requires state and local governments to report their long-term obligations to pay for retirees' health benefits and publicly disclose what those would cost each year could wreak havoc. The requirement will affect most governments in the 2007-08 fiscal year.

According to a November report in the *Wall Street Journal*, estimates of obligations for some states range from $500 million to $40 billion. That could lead to such major changes as cutting retiree benefits, borrowing money and diverting tax dollars from other spending priorities—a prospect, Costich noted, that "makes people's hair stand on end."

Uncompensated care is particularly burdensome for hospitals, which have to absorb approximately 63 percent of the costs for the uninsured people they treat.

One physician, speaking at a

Hazard forum, predicted that some smaller community hospitals could go out of business if spiraling costs remain unchecked, Smith-Mello said. The impact would go well beyond inadequate access to health care. In many cases, community or regional hospitals are the economic lifeblood of an entire area.

"In rural areas especially, the hospital *is* the community," noted Chris Ellington, vice president of fiscal affairs and CFO for Appalachian Regional Healthcare (ARH), a not-for-profit group. "In Harlan County we're the largest employer. The same is true in Perry County and McDowell (in Floyd County). If you take the economic impact we bring to the community, not only in health care but in salaries and wages, the money we collect may turn over seven to 11 times."

ARH has 10 regional hospitals in Eastern Kentucky and southern West Virginia with 5,000 employees. Ellington said the group provided about $70 million worth of uncompensated care last year, "and that number just goes up exponentially when you add losses for Medicaid." The organization loses between 20 and 25 cents on every Medicaid dollar.

'We may be forced to go to the city or county and seek assistance of coverage for the uninsured.'

St. Claire Regional Medical Center, which is based in Morehead and also operates five primary care clinics in adjoining counties, faces similar cost challenges. Chief Financial Officer Sonny Jones said that St. Claire had about an 18 percent increase in uninsured care in fiscal 2005 and is expecting a similar hike in fiscal 2006.

"I think the scary part is that the impact keeps getting worse," said St. Claire CEO Neff, who agreed that many hospitals could be driven out of the market by unchecked cost increases.

"I think if things are left unchanged, that is a strong likelihood. We certainly think about this going forward and how long we are going to be able to keep our doors open," he said. "We may be forced to go to the city or county and seek assistance for coverage for the uninsured."

Kentucky's situation is more acute than what many states face. Smith-Mello noted that a recent national

study found that Kentucky was one of only seven states where the rise in poverty and decline in household income was of statistical significance, providing even greater stress on an already over-stressed health care coverage system.

But Neff is quick to note that the problem is not confined to Morehead, Rowan County or Kentucky. "It's a national issue, and we're going to have to make a decision on that or it's going to continue to wear everyone down. Unless we have a national strategy to deal with it, things will continue to be really difficult."

Anecdotal evidence surfaced in the Kentucky project's public forums that medical debt is having a direct impact on two staples of the American dream: entrepreneurial businesses and home ownership. People were being denied loans and mortgages because of health-care related debts.

The situation provides another example of how the health-care problem is systemic, touching virtually every aspect of society.

"It's like a fracture that is radiating outward, gradually weakening the whole," Smith-Mello said. "None of us is likely to escape being touched by these trends."

She offered another example. Too few policymakers are paying attention to what the rising cost of health insurance means in terms of disposable income and its role in our economy.

"If people have little or no money left to spend after they pay the freight for health insurance, much of it of questionable benefit to people with low incomes, what does that bode for our economy, which is driven by consumer spending?" she said.

One remedy, favored by many health insurance companies, is to encourage so-called consumer driven choices that make consumers more responsible for their health care purchasing decisions.

The staggering complexity of the new Medicare prescription drug benefit program, however, suggests that this is not necessarily a reasonable route for some consumers to take.

"The assumption that consumers can 'shop' for health care needs some examination," Costich said. "The drug program is a quantum leap ahead, no question about it. But when the carriers can change their formularies twice a year so that the drugs that are covered are unpredictable for the consumer, it's literally impossible to make a completely informed decision. It's not just difficult. It's impossible."

Costich suggested another possible effect of the ongoing health cost crisis.

"When multinational corporations are looking at site selections … if they go to Canada the health benefit costs will be borne by the taxpayers," she said. "If they locate in the U.S., they will be bearing health benefit costs themselves. It's a disincentive."

While some states, such as Maine, are making attempts at providing universal coverage, there is a feeling that until the issue is resolved on a national scale, the problems will continue. And despite the current malaise, Smith-Mello isn't so sure that government is ready to respond anytime soon.

"I think there will have to be a lot more mobilization in the political arena around this issue before we get to that point," she said. "It's very difficult psychologically for people to contemplate the prospect of both a health catastrophe and a financial catastrophe unless it has happened to you or someone close to you.

"It's a very uncomfortable prospect, so there is a tendency to blame people with serious health problems for bringing it on themselves."

Ellington said that senior leadership at ARH met in 2003 and studied what, if anything, could be done to

make health insurance affordable. They decided not to increase charges for 2004, did the same for 2005, and are keeping them the same for 2006. Sliding fee schedules, long-term payments and self-pay patient discounts are other strategies the group is trying.

"We've tried to be a little more socially conscious," Ellington said. "These little things are going to buy us some time until we get to the tipping point."

Ellington noted that ARH reinvests in services for the communities it serves, such as a $2 million MRI system, a $6 million cancer center, and open heart surgery capabilities in Hazard. But he pointed out that specialty facilities that offer MRIs or other such services have cheaper operating costs and can thrive in their competition with community hospitals.

"We have to keep our doors open seven days a week, 24 hours a day, and see all comers. We have to have the emergency room staffed and the imaging center, where those (competitors) don't necessarily have to do all those things," Ellington said.

As such issues continue to emerge and the search for solutions becomes more urgent, the idea of federally backed universal coverage becomes a more prominent consideration.

Are we just in that much worse shape than the rest of the industrialized world—where, with the exception of South Africa, health coverage is guaranteed by national governments?

"The cost increases are similar in other countries," Costich said, "but the absolute expenditure is much lower because the government has the power of the purse and can dictate prices."

Ellington is all for free enterprise and competition, but he wonders whether a particular service like health care, which provides equal benefit to an entire community and is on the verge of economic collapse, isn't "a different scope of business that needs to be treated differently."

The analogy would be to treat public concerns such as health care in much the same manner as public utilities are governed.

"That's exactly right," Ellington said. "Certainly it's a huge question: Is a universal system the way to go?"

As Neff pointed out, more and more officials are giving the idea credence.

'Maybe we're going to have to look at something in a government health-care plan.'

"Maybe we're going to have to look at something in a government health care plan," said Mayor Williamson. "Not that it might be the best, but it might be the only answer. I certainly believe in free enterprise, so it's not something I advocate lightly."

The challenge, of course, is to provide full and affordable access to health care while not compromising the quality of care.

"And that may be one of the stumbling blocks right now," Ellington said. "Much like Social Security, we want benefits but we want it to cost less. I don't know the answer to that, but I think you're asking the right questions."

They are questions that figure only to grow in intensity.

Additional details on findings by the Kentucky Health Insurance Research Project are now available at the Kentucky Long-Term Policy Research Center's web site, at www.kltprc.net.

City SCENES

Midway's Saw Horse Mania

Photos by Peggy Maness

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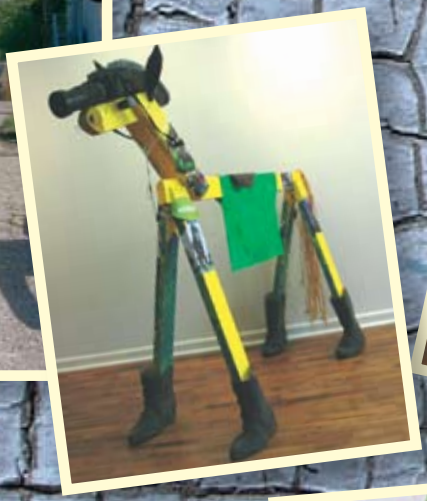

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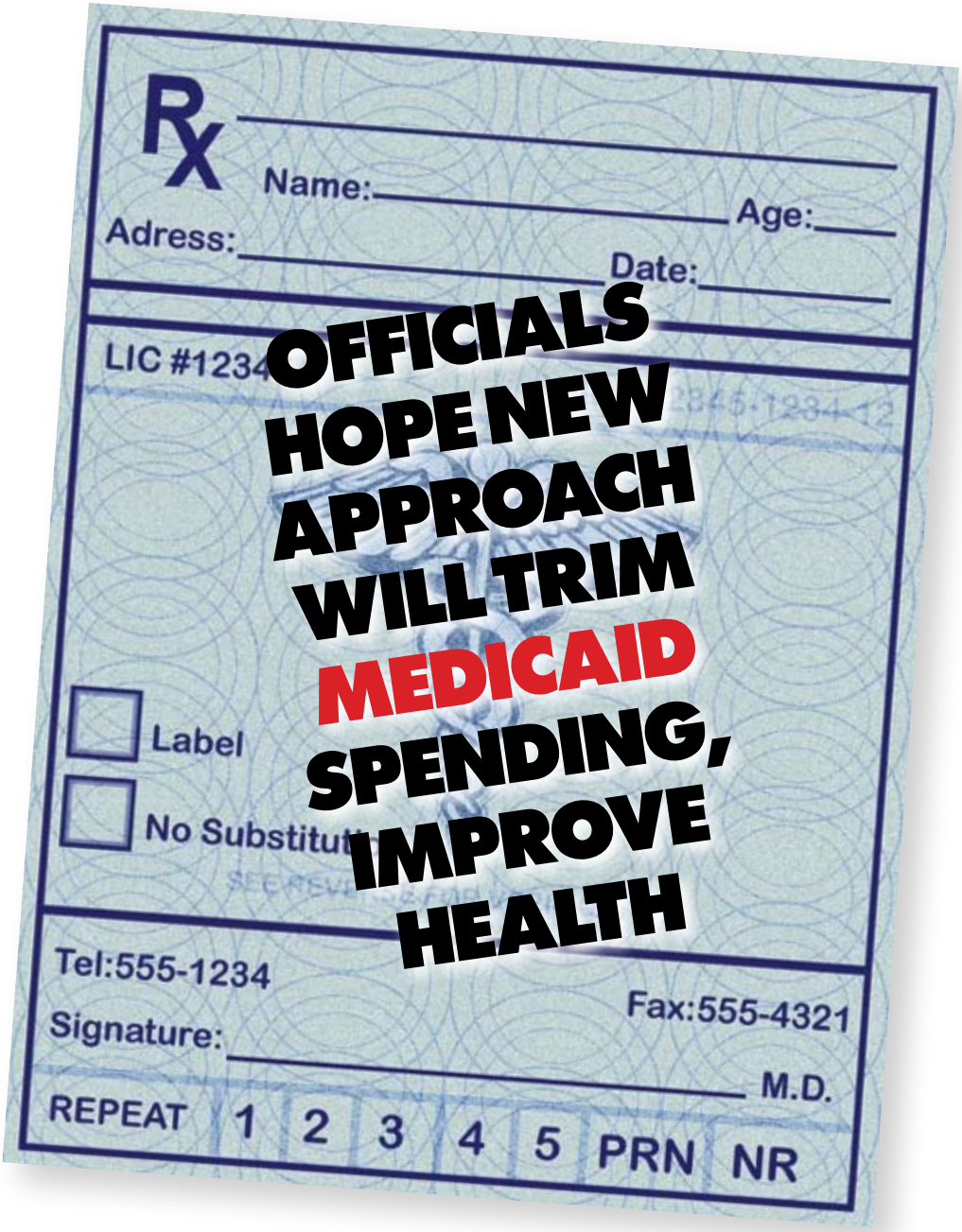


OFFICIALS HOPE NEW APPROACH WILL TRIM MEDICAID SPENDING, IMPROVE HEALTH

BY DAVID MUDD

State officials hoped that the beginning of the new year would bring permission from the federal government to enact sweeping changes they had proposed for the state's Medicaid program—the budget item that has gained prominence in recent months as the monster that could consume many of Kentucky's expansion plans in other critical areas.

Medicaid is a shared federal/state entitlement program established in the mid-1960s to ensure that low income and disabled people as well as the elderly receive adequate health care at little or no cost. The federal share of Medicaid's cost varies from state to state, depending on poverty rates and the size of a state's disabled population. Kentucky, with a relatively low average income and a high poverty rate as well as a relatively large number of citizens considered disabled, receives a federal contribution of just under 70 percent of every Medicaid dollar it spends.

That's one of the highest federal matching rates in the country, and some argue that it and other factors make Medicaid in its current form a good deal for Kentucky. A recent study by the Kaiser Family Foundation asserts that, beyond its main benefit, Medicaid helps states keep doctors practicing in rural areas where their fees might not otherwise be affordable for many residents, helps keep small regional hospitals viable and boosts rural economies.

But stronger forces argue that neither the federal government nor the state can afford to continue

operating the Medicaid program as it is, not with double-digit annual inflation in health care costs, and with the segment of the population that qualifies for Medicaid growing as the economy in many parts of the country remains weak.

The Bush administration has told a mostly agreeable Congress that it intends to trim $12 billion from Medicaid's budget in the next five years. And both the legislature and the Fletcher administration here in Kentucky have voiced growing frustration with Medicaid. They say they can't continue bailing out the program with millions of dollars from other areas of the state budget the way they've been forced to do several times in recent years.

Neither the federal government nor the state can afford to continue operating the Medicaid program as it is, not with double-digit annual inflation in health care costs.

The state's portion of a projected Medicaid shortfall this fiscal year is expected to be $132 million; the federal Medicaid administration will have to kick in another $425 million.

Appointed Medicaid commissioner at the start of the Fletcher administration in early 2004, Shannon Turner was charged with paving the way for changes that could lead to significant cost savings. She started with a combination of outsourcing and technological updates intended to make administering the program simpler and to better reveal where Medicaid spending is concentrated in the state, and on what services.

State Representative Jimmie Lee, an Elizabethtown Democrat who is considered the legislature's resident expert on Medicaid, said these were the right early steps for the state to take if it truly intends to bring the Medicaid budget under control.

"Now we have professional entities like Electronic Data Systems and First Health Services administering parts of the program, and they can not only do their jobs handling provider and recipient records and the whole pharmaceutical part of Medicaid, but they can also report to us much more readily how they are spending money and where it's going, because their database expertise is more advanced than anything the state has ever been able to assemble. We've just been spending more and more money without much idea of where it was really going."

That a Democratic legislator offered praise for these early moves by the Republican administration suggests that they haven't been very controversial, although some have pointed out that contracting with outside vendors enriches private corporations with taxpayer money.

Turner and Mark Birdwhistell, the former under secretary for Medicaid in the state Health and Family Services Cabinet (he has since been named cabinet secretary) have said that they are already gaining valuable insight into the Medicaid program through information supplied by the chosen vendors.

"We've got a much clearer picture now of how much the inflation in pharmaceutical costs, for example, is driving Medicaid costs," Turner said. "We couldn't know that as well under the old system for getting prescriptions to recipients because it wasn't as centralized."

She said vendors have also allowed the state to better serve recipients by ramping up its ability to handle inquiries and respond to complaints. "We had a call center with a total of eight employees handling the phones before," she said. "We had a completion rate of 50 percent; that means half the calls placed to the center went unanswered. The rate (for unanswered calls) now is more like 3 percent."

Examples like that, she said, show how Medicaid can be a more efficiently managed, cost-effective program that simultaneously improves service to recipients.

Each of the Medicaid program changes made by the administration so far has been with specific approvals, called waivers, from the federal Center for Medicare and Medicaid Services (CMS). This authority has traditionally granted states plenty of leeway to experiment with cost-saving measures and to expand or contract their programs as long as they demonstrate uninterrupted and even-handed service to the program's core constituency. This constituency generally includes families of limited resources living at or below defined poverty lines, pregnant women and children living at or below the poverty line, the aged poor, and those who are disabled.

Now the administration has applied for the most sweeping of all Kentucky Medicaid waivers. The 1115 waiver, also called KyHealth Choices, is the plan that Turner submitted to CMS in early November, with a request for quick approval, in the hope that implementation of an experimental phase could begin early in 2006.

It includes—and attempts to make permanent—the waivers that CMS has granted the administration to date. It also asks CMS for the first time ever to grant the state permission to experiment with offering four different levels of service to segments of the state's Medicaid

population, essentially creating benefits packages much like those someone might be offered under a private insurer's health plan.

It also calls for limiting most recipients to four Medicaid-reimbursed prescriptions per month, and introduces a move intended to discourage recipients from using hospital emergency rooms for routine medical services: they'll be charged substantial co-pays if their complaints are judged not to be actual emergencies. Co-pays are also being imposed for many services that most Kentucky Medicaid participants have traditionally received free of charge.

"Up to now Medicaid has operated largely without limitations, with every recipient guaranteed a range of services and care," Turner said, "and that has led to a lot of overuse issues, which has made the program unsustainable in a time of limited budgets. This waiver changes that. It will lead to a program that stretches its resources to save money, and to ensure we don't have to cut enrollment."

Turner emphasized the "soft" nature of many of the waiver's new demands for co-pays and prescription restrictions. "They can be appealed," she said, "and if providers or administrators agree a recipient needs a certain course of treatment, or more than four prescriptions in the course of a month, the co-pays can be excused."

"We're not looking to penalize or punish anyone," Turner said. "But we are trying to change the way everybody looks at the Medicaid program. We want to emphasize restraint, proper levels of care, wellness and people accepting responsibility for managing their own health in ways they've never been asked or allowed to do under Medicaid."

In keeping with that, the waiver also contains a request for pilot programs in which some Medicaid recipients will be enrolled in disease management projects. Others will be encouraged—through credits that will "buy" them wider ranges of medical services—to adopt exercise and diet regimens designed to maintain health.

And Turner said the greatest innovations of all will be taking place in the area of long-term care. "They are what I'm probably most excited about," she said.

These complex changes generally include a series of measures meant to make it easier for recipients in need of long-term care, but not round-the-clock services, to find that care in their own communities and in their own homes as an alternative to more costly nursing home care.

'Up to now Medicaid has operated largely without limitations, with every recipient guaranteed a range of services and care.'

Laurel True, a retired state employee and member of the state chapter of the AARP participated in a working group that the Medicaid department assembled as it began writing its KyHealth Choices plan last August. He said the long-term care aspects of the plan were what convinced him that the administration listened to what he and other working group members said about how to make smart and fair changes to how Medicaid works.

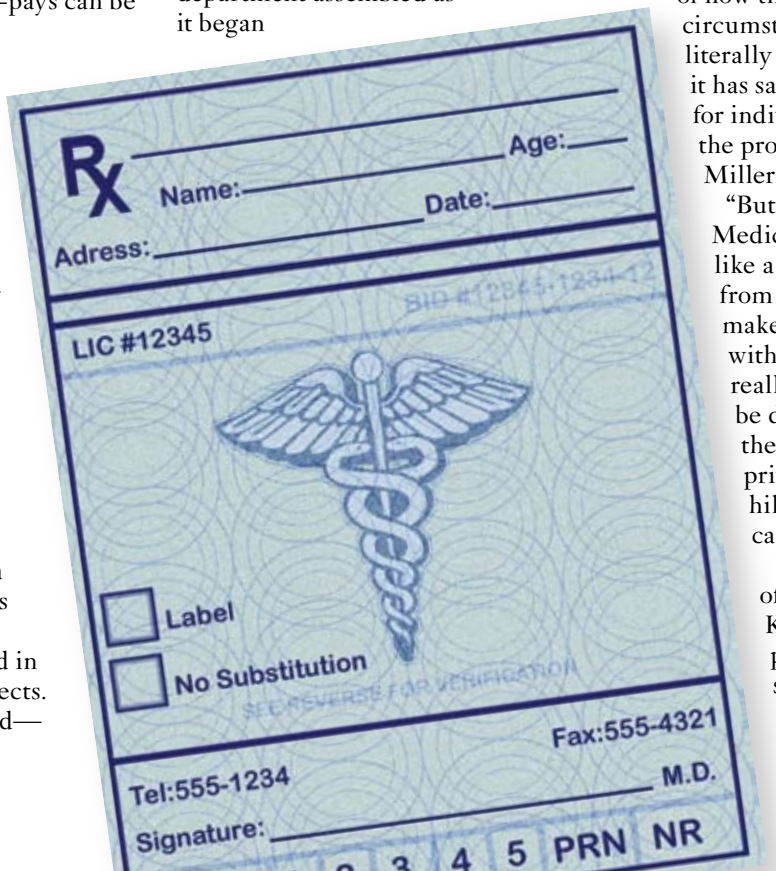
"For the first time the state decided to create a vision for long-term care, one that lets the people who are able to do so decide who in their family or in their community can help them with the services they need, and how they can be well in their own homes instead of being shipped off to the nursing home. Nobody wants that. And this administration got it. I think it's great," True said.

Others who served on the working group are more guarded about the KyHealth Choices plan. Deb Miller of Kentucky Youth Advocates worries that even though she received verbal assurances from the administration that no children currently enrolled in Medicaid or whose health insurance is paid for by Medicaid will lose coverage, she hasn't seen it in writing yet.

"There's a program for children in Medicaid called EPSDT (Early and Periodic Screening, Diagnostic and Treatment) that says any medical condition or problem detected must be treated and covered by Medicaid until the child turns 21, regardless of how the child's family circumstances may change. It has literally saved lives, and I'm sure it has saved lots of money, too, for individual families and for the program in the long run," Miller said.

"But I worry that making a Medicaid program that looks like a health insurance package from a private insurer will make it simpler for those with chronic and potentially really costly problems to be dropped or driven out the way they often are by private insurers who just hike their rates until they can't afford them anymore."

Rich Seckel, director of the non-profit office of Kentucky Legal Services program in Lexington, shares Miller's concern and worries as well about the extension of co-pays



into more Medicaid-provided services.

"We've got to realize that even co-pays as low as $1 or $3, which doesn't seem like a lot to ask, can be significant to people with very little money, and it can cause them to change their behavior. We've got studies that show a significant portion will choose to put off getting the prescriptions or care they need because they can't or won't pay co-pays, and then their untreated conditions just get worse until they need emergency care, or hospital or nursing home care. Suddenly everything costs a lot more than a free prescription or doctor's visit would have been."

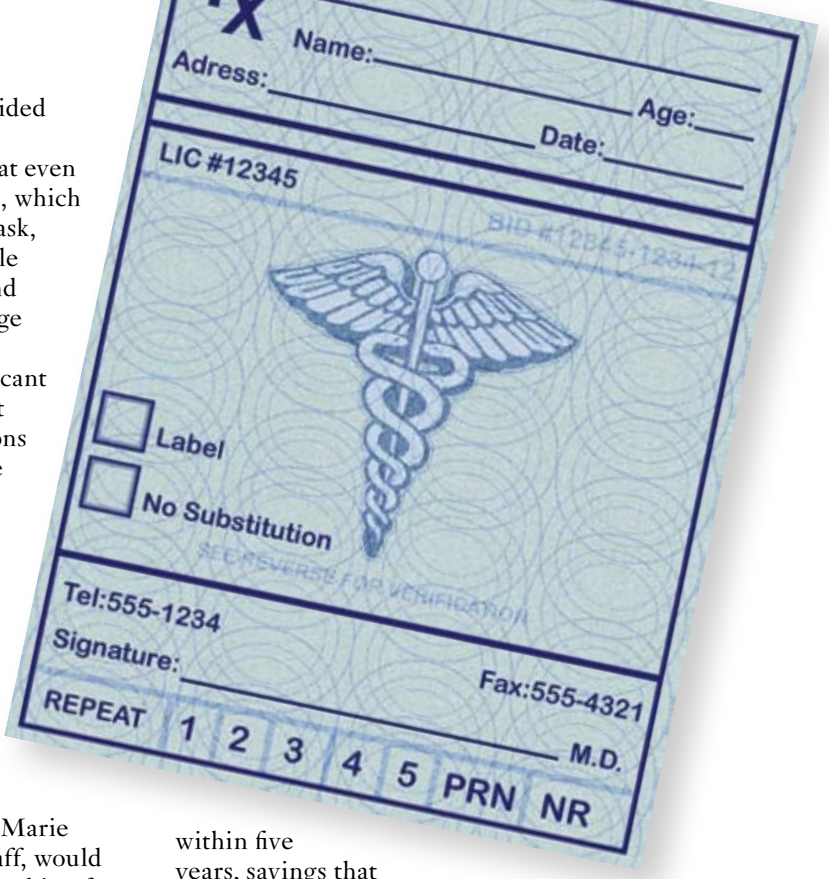
Seckel said he and Ann Marie Regan, a lawyer on his staff, would be watching closely and pushing for fewer co-pays as the plan evolves following a review by the federal CMS and the Kentucky legislature, and moves into regulation phase later this year.

Turner said that phase is where the assurances that people are looking for will be made explicit. "The waiver is a guideline, a plan," she said. "It's not supposed to be full of details. They'll come when we start writing the regulations, and at that point people will see we're serious about not denying crucial services, not eliminating people from the rolls and not forcing co-pays and prescription restrictions on people who really can't afford them."

Also looking for assurances are the legislature and the Fletcher administration. Both will grapple in this year's General Assembly with how to pay the state's $132 million portion of Medicaid's budget shortfall (or risk missing out on the more than $400 million in federal Medicaid matching funds that will close the deficit). And both know the new waiver will have little effect on similar budget shortfalls expected in the next few years, because it must first be tested before its cost-saving measures can be applied to the whole Medicaid program.

But they hope to see dramatic changes and savings in Medicaid within five years, savings that will allow the state to meet a challenge laid down by the federal CMS, which has offered to sweeten its fund-matching arrangement with any state that manages to limit the growth of its Medicaid expenses to no more than 7.5 percent per year, per covered individual, for those five years.

By then Kentucky should know if it's possible to make its Medicaid population, and its budget, healthier through the KyHealth Choices plan.



'We've got to realize that even co-pays as low as $1 or $3, which doesn't seem like a lot to ask, can be significant to people with very little money.'

High costs prompting new approach in health insurance

BY DIANA J. TAYLOR

Businesses, governments and organizations can be pretty demanding when shopping for most goods and services. They set standards for quality that can be quantified and measured. They want details on performance and accountability from their vendors. They research available information and review options before deciding where and how much to spend.

This cost-management approach has had, for the most part, one notable exception through the years: health care.

"The problem has been that employers have had very little access to good, comprehensive information about what's happening in the health field," said Robert Littoral, CEO of a Lexington company that works with employers to reduce health-care costs. "We have had this *Wizard of Oz*-like veil over health care for so long. …

'The problem has been that employers have had very little access to good, comprehensive information about what's happening in the health field.'

Some (developments) are clinical in nature, but much of it is not all that complicated."

Finding ways to save money on health-related costs is becoming a goal for more and more Kentucky employers, including local governments, as each year brings another double-digit increase in those costs.

And the interest in saving money isn't diminished by Kentucky's relatively good ranking in this area – a 2004 Kaiser Family Foundation survey found the state ranked 31st in the nation with an annual cost of $3,062 for health insurance coverage for a single person.

The pressure of rising costs is prompting some employers to offer coverage that includes higher deductibles or employee-paid premiums. Others are creating Health Savings Accounts or Health Reimbursement Arrangements for employees – part of a movement toward so-called consumer directed health planning.

From Littoral's point of view, the

objective should be to save money without putting employees at risk for further medical problems or discouraging them from getting the care they need – developments that will eventually lead to higher health-care costs.

The experience of one company illustrates his point.

With a self-funded health plan on the verge of insolvency, the employer decided to save money by changing employees' coverage from co-pays to a co-insurance plan for prescription drug purchases. That meant that instead of making an $8 co-pay for every generic prescription and a $12 co-pay for a brand prescription, employees had to pay 40 percent and 60 percent, respectively.

"What we saw happen was that one of five members who were taking a cholesterol drug stopped taking it," said Littoral, a former University of Kentucky pharmacy professor who founded Artemetrx in October 2004.

"One out of every six members who were taking a heart medication stopped taking it. It solved (the employers') financial problems, but, as my grandfather used to tell me, they cut off their nose to spite their face" since cardiovascular disease is among the most expensive ailments to treat.

The employer is now reducing costs through a more targeted approach that doesn't affect the treatment of chronic disease in such a negative way, Littoral said.

As a major driver of health cost increases in recent years, prescription drugs can represent an area of such targeted savings.

A frequently advertised proton pump inhibitor – the kind of medication used to treat stomach ulcers and acid reflux and, increasingly, to soothe heartburn – can cost $140 for a 30-day supply while an over the counter drug with the same ingredient is 60 to 80 percent less expensive.

"For a small percentage of the population that has a chronic issue, those (advertised) drugs are very helpful," Littoral said. "But the problem is that we're told every morning that we need it and … we've ended up with a lot of people taking those drugs chronically, and they don't need them and they don't understand that they don't need them."

When people understand that they have the option of using a less-expensive, equally effective drug, many will do so, Littoral said. The employees save money on co-pays – usually the over-the-counter drug price is less than a co-pay for the prescription drug – and the employer's health plan saves significantly as well.

Why do physicians prescribe a more expensive drug when a cheaper one will be equally effective? After all, they get paid no more or less based on what prescriptions they write.

Why do physicians prescribe a more expensive drug when a cheaper one will be equally effective? After all, they get paid no more or less based on what prescriptions they write.

"Studies show that somewhere around six out of 10 people make a specific request of their physician when they see them," Littoral said. "Ninety percent of the time, if you ask for something from your physician, you'll get it," assuming it won't hurt you and could, in fact, help.

The result is an escalation in the use of more costly prescription drugs – and higher overall health-care costs

Making individuals better consumers of health care is cited as a benefit by supporters of HSAs. But skeptics express concerns that such an approach could result in individuals not getting appropriate medical care.

for patients and their insurance plans.

Littoral acknowledged that figuring out how to reduce prescription drug costs could present challenges for some employers – especially those with few employees. Privacy issues are a concern – employers aren't comfortable reviewing their employees' insurance claims to see what medications they are taking.

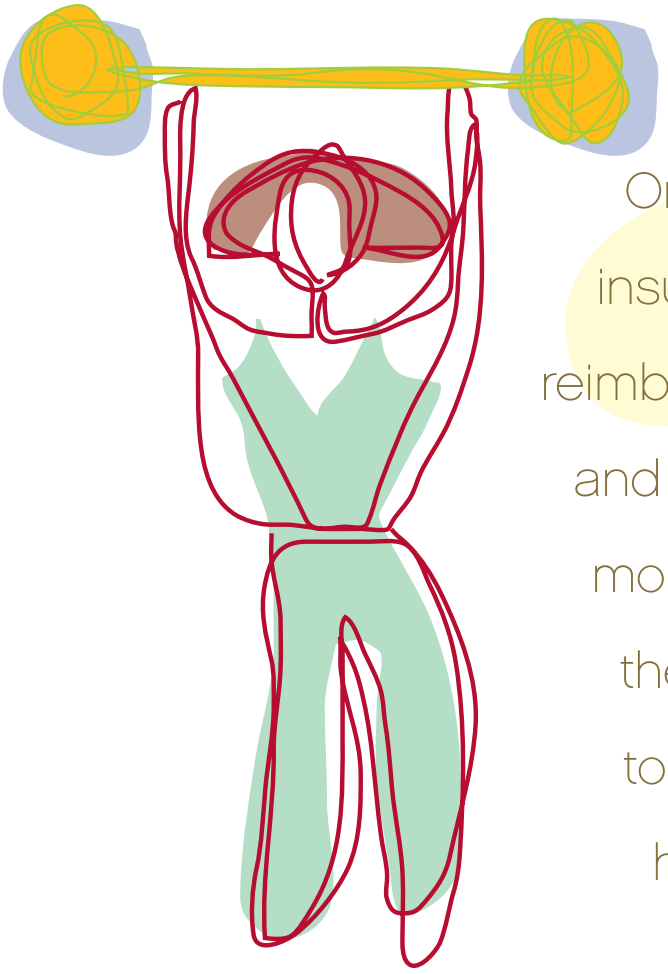
But general education could help employees understand that they often have a choice, especially when it comes to prescription drugs, and the choices can make a significant financial difference.

Directing patient choices toward less-expensive health-care options also can be a consequence of Health Savings Accounts, or HSAs, that have been around since January 2004. HSAs allow individuals and their employers to put pre-tax dollars into accounts that can be used to cover health-care expenses.

The accounts can be offered as stand-alone programs or in conjunction with insurance plans that essentially provide catastrophic coverage with high deductibles, usually $1,000 or more. Employees who use all of the savings generally are responsible for their health-care costs until the costs reach a certain level, when the catastrophic coverage kicks in and pays 100 percent. Savings account funds that are not used in a given year may be rolled over to the next.

Making individuals better consumers of health care is cited as a benefit by supporters of HSAs. But skeptics express concerns that such an approach could result in individuals not getting appropriate medical care.

As Elliot Wicks, senior fellow at the Economic and Social Research Institute in Washington, D.C., told *Inc.com*: "If a person's barely making it and suddenly finds himself responsible for a deductible that's a couple of thousand dollars, that's



On-site exercise facilities, lower insurance costs for non-smokers, reimbursement for gym memberships and other incentives are becoming more common as individuals and their employers try to find ways to reduce employees' need for health care in the first place.

when I worry about him not getting the care he needs."

Research continues on whether such accounts will result in significant reductions in health insurance costs.

Meanwhile, some employers—including local governments—are focusing on wellness programs or disease management measures to help employees avoid or deal with chronic conditions that can lead to costly medical care.

On-site exercise facilities, lower insurance costs for non-smokers, reimbursement for gym memberships and other incentives are becoming more common as individuals and their employers try to find ways to reduce employees' need for health care in the first place.

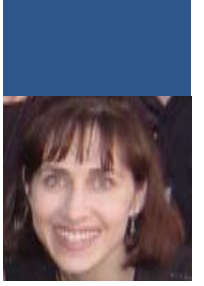
The decision by Seattle and King County to emphasize wellness and prevention in its employee health benefits program drew national attention last year. Employees who choose to participate in the plan will work with a physician to develop a health assessment that will include improvement goals such as losing weight, eating healthier or drinking less alcohol. An agency outside of government will monitor their progress.

Participating employees will pay less for co-pays, deductibles and co-insurance than their non-participating colleagues.

"That's really cutting-edge," Deputy Washington State Insurance Commissioner Beth Berendt told the *Seattle Post-Intelligencer*. "In the past, health plans have put (wellness activities) out there as an option, but there hasn't been this sort of monetary incentive for folks to follow up."

City SCHOOLS

BY RACHEL BELIN



Rachel Belin founded and directs the Youth News Team, a program supported by the Kentucky Conference for Community and Justice in partnership with the Prichard Committee for Academic Excellence.

Parental support makes a positive difference for high school students

cutline

Do high school students need their parents' support to do well academically?

The 3,883 Lexington public school teenagers polled by the Youth News Team—a group of students and parents seeking to amplify the voices of young people in education policy discussions—had a strong answer: 69 percent of them believe that most high school students do ***not*** need their parents to help them do well in school.

Even though it might not be readily apparent to these students, a large body of evidence suggests that parent involvement can improve high school achievement and behavior and directly influence a student's grades.

What's to explain this disconnect between high school students' perceptions and the research?

Given the questions that their parents have on this subject, perhaps such a response from students is inevitable. After all, parents who at one time read to their children before bed every night, checked homework and chaperoned elementary and middle school field trips often wonder exactly what parent involvement at the high school level is supposed to look like.

Despite this general confusion, it was in questioning students and parents for the report, *High School Students Have Parents, Too,* that the Youth News Team discovered that specific elements define the relationship between academically successful students and their parents. Consider these survey highlights:

- 69 percent of Fayette County students with a grade point average of 3.5 or higher report having parents who regularly help them select classes.
- 92 percent of students with GPAs of 3.5 or higher report having parents who know where they are most of the time. But just 66 percent of students with GPAs of 2.0 or lower report the same.
- 61 percent of students with GPAs over 3.5 report sitting down with their families three or more times per week for dinner.

Parents who at one time read to their children before bed every night, checked homework and chaperoned elementary and middle school field trips often wonder exactly what parent involvement at the high school level is supposed to look like.

The simplicity of the findings can obscure how radical it was to obtain them in the first place. The 2001 No Child Left Behind Act and Kentucky law requires schools to involve parents more profoundly at the secondary level. But without clearly specifying how schools are to do this, the legislation is toothless, at best. As a result, many districts resort to a crude evaluation of parent involvement such as the number of volunteer hours parents accrue or the number who sign up with the PTA.

That the Youth News Team managed to develop and implement its own scientific evaluation tools to better capture the nuances of parent involvement is a testament to its constituency. The idea of looking at what goes on in the homes as well as in the schools of teenagers may have eluded experienced social scientists, but it was an obvious starting point for a group of inquisitive students and parents.

The qualitative information is just as compelling. One freshman interviewed in a Fayette County alternative school spoke poignantly about the challenge of defining the place for parents in high schools. The self-proclaimed bookworm, who had come close to dropping out of school and who struggled mightily with her relationship with her parents, advised adults to at least try to get involved at the secondary level:

"Parents, be involved, but not too involved. In high schools, students still need their parents to rely on basically because there's not too many people out there who are willing to help you with your stuff. I think all high school students still need their parents for that solid ground when they're growing up."

High School Students Have Parents, Too examines the wisdom behind such insight. The full report also includes an analysis of the student survey by Dr. Melanie Otis of the University of Kentucky College of Social Work, demographic information, transcripts of interviews with policy experts, and comments from hundreds of Fayette County parents surveyed by the Youth News Team. It can be viewed at www.youthnewsteam.com.

In addition to a treasure trove of data about the nature of the relationship between high school students and their parents in Fayette County Public Schools, the Youth News Team study shows that parents and high school students working together are a powerful force.

If readers take just one thing away from this initiative, we hope it is that the greatest stakeholders in improving our schools—students and parents themselves—are also the greatest untapped resource for doing so.

City CONVERSATION

BY RALPH DERRICKSON

Ralph Derickson is a writer with the University of Kentucky public relations office.

Dental health important for physical and economic well-being

Many Kentuckians need to put new smiles on their faces – both literally and figuratively – for their own physical health as well as for Kentucky's economic health, dental health experts and educators agree.

Meeting this need is particularly important for Kentucky's youngest citizens if the state is to reverse its heritage of poor dental health.

Changing the dental face of Kentucky will require concerted, statewide education efforts, and it almost certainly will involve changes in the way concerns about the issue are communicated.

Professionals agree that such a change will involve more than eliminating the dubious distinction of having the most citizens over age 65 who are toothless. (National health statistics released in 2005 show that Kentucky now leads the nation in "edentulous" citizens.)

One of the more critical needs in changing Kentucky attitudes about dental health is a communications program about research showing the correlation between gum disease and such ills as low baby birth weight, cardiovascular disease and diabetes, said Dr. Sharon Turner, dean and professor of the University of Kentucky College of Dentistry.

"All of these are what UK President Lee T. Todd, Jr. calls the 'Kentucky uglies,'" she added. "There is also a self-esteem and economic viability factor to good dental health. Employers are not inclined to hire people who are covering up their bad teeth with their hand during a job interview."

Commenting on the bleak economic outlook of citizens with poor dental health, Turner said she equates the condition with an old automobile engine oil filter commercial that sent the message: "You can pay me now, or you can pay me later." The "paying now" constitutes saving a large amount of money later in life by having inexpensive check-ups and practicing good oral care at home, she noted.

Changing Kentuckians' attitudes about oral health, particularly in the eastern part of the state, has been a driving mission of the UK College of Dentistry since it admitted its first freshman class in 1962. The college now has 206 students and maintains a focus on educating professionals

who will serve in Eastern Kentucky. "Fifteen students in this year's first-year dental class have ties to eastern Kentucky," Turner said.

The college also is heavily invested in dental research efforts that are helping reveal the relationships between oral health and other diseases. In the past year, the UK College of Dentistry has attracted $8.3 million in outside funding for such research.

Outreach is also important. UK has operated four mobile dental clinics serving children in central and eastern Kentucky for many years. The dental units visit schools and provide dental examinations and treatment, particularly for students from low-income families.

Turner said it also is important for people to understand that good dental hygiene is important for babies. "Some people still think that dental health for babies isn't important, but it is. The baby teeth hold the space for the adult teeth among other things."

Assistant professor James Cecil, a UK graduate and director of the state's oral health program, agrees that young people must be educated about good oral health.

Cecil is a strong advocate for changing Kentucky's thinking and the culture of dental care, especially in rural areas.

"Frankly, in the rural areas of Kentucky, teeth have not been considered important," he said. "They were considered more of a hazard as families watched their family members lose teeth over time. … Toothlessness is preventable."

'This shows this is not just a health issue. It obviously affects learning and earning.'

Cecil has worked on several outreach initiatives for the College of Dentistry, including efforts to treat more children with sealants and fluoride varnishes. More than 30,000 Kentucky youngsters received such treatment last year.

As director of the state oral health program, Cecil has found that poor dental health in Kentucky is a barrier to everything from increasing the number of women in the workforce to educating the children of low-income parents.

"People in pain are not very good workers, and kids can't learn if they've got a toothache," Cecil said, adding that he believes that 10 percent of low-income students "need urgent dental care – today."

"This shows this is not just a health issue. It obviously affects learning and earning."

Efforts are under way to put more mobile dental units on the road in other regions of Kentucky. And Cecil said the state is working through nurses in local health departments to make sure young people who come to the departments are examined for dental problems.

A related issue is that nearly half of Kentucky's 2,200 dentists will not provide care under the Medicaid program, Cecil said, and only about 400 to 450 dentists have actually made claims under Medicaid for dentistry services.

This access issue is affected by the fact that Medicaid fees for most dental services do not come close to actually covering the cost of the services.

The bottom line, according to Cecil is, "We've got to be steadfast with our continuing message: Good dental care is more than just a health issue."

Horse Cave projects focus on preservation, renovation

Horse Cave is a small community, but it is anything but a one horse town.

The centerpiece of a remarkable downtown transformation remains the Kentucky Repertory Theatre at Horse Cave, which is entering its 29th season and recently was designated by *USA Today* as one of America's 10 great places to see the theatre lights off Broadway—the only one so recognized in the entire Southeast.

But the theatre is far from the only thing going on in Horse Cave. Springing up around the theatre are a number of changes—including a $500,000 streetscape renovation that recently won a 2005 Enterprise Cities Award and the opening of two restaurants, one of them a jazz café.

The city is designated as a Preserve America City and also was recently chosen to be certified as a Renaissance on Main Community. There's a museum that focuses on the Hidden River Cave that is owned by and runs directly under the city, and the town recently renovated the historic Thomas House to be used for community events.

Meanwhile, BlueSky Filmworks, a Nashville-based production company, has been filming much of Horse Cave's renovation projects for a proposed reality TV series to be called *Smalltown Makeover*.

"Give us another 10 minutes, and we probably could tell you 50 other things going on," said Sandra Wilson, manager of the city's Main Street renovation program.

Meanwhile, the repertory theatre continues to be a key entertainment draw in a 50-mile area but also regularly attracts people from around the country. Artistic director Robert Brock says that the theater sells between 25,000 to 30,000 tickets annually to plays that include Shakespeare and American classics.

"Most small towns that have theater are usually summer stock musical things, but we're one of the very few—I think the number is seven—that are professional equity theaters with true repertory," Brock said.

The theatre opens three separate plays back-to-back-to-back, and they are rotated nightly. "Someone could come for a weekend and see a different play every night," Brock said.

But the theatre isn't just a success as a tourist destination and regional outlet for first-rate performances. Its educational outreach program brings 10,000 students from more than 15 counties to attend performances each year and also conducts workshops in the schools.

"We're in a very underprivileged area," Brock said, "so for many of them this is their first and only experience of live theater. So the impact is enormous. This area would be poorer without that."

Annie Potts, a native Kentuckian perhaps best known for her role in the TV series *Designing Women*, has performed at the theatre for fundraisers and is an honorary member of the theatre board. The company includes 40 actors and technicians who come from all over the country.

The theatre had long owned a bank building, received as a donation, but it didn't have the funds to renovate

the facility until it received a grant last spring. The plan is to turn the building into an arts education center, with rooms upstairs for actor housing.

Everywhere you turn downtown, there is renovation. The recently completed streetscape renovation made downtown pedestrian friendly for handicapped persons and easier for vehicular traffic—along with creating an intriguing "above ground" tour of the Hidden River Cave, which is directly below the city.

Sidewalks that are over the cave trace its pathway with an embedded pebbly brown aggregate. When the approximately three-quarters of a mile pathway meanders under streets, a similar brown color is used to mark the route.

As for the actual cave tour, the town bought additional land in 2004 near the historic Owens Hotel that is above what Wilson says is the largest open room of any cave in the region – "larger than any found even in Mammoth Cave," she said.

The streetscape also includes new green space, a number of benches and new streetlights that were designed from a print of old gas streetlights.

"They're gorgeous," Wilson said. "We never had benches before, and we did have weeds, but not one blade of grass. But now, I never go downtown without seeing someone sitting on a bench or walking around the green space. It's just remarkable."

Perhaps the most significant aspect of all the downtown improvements is the community-wide endeavor it has become. When budget restraints were going to keep the city from purchasing ironworks amenities for the streetlights, benches and fencing, business owners and citizens contributed about $40,000 to pay for them.

"And we're not in an affluent area," Wilson said. "But people dug down to help us."

Several contributed by volunteering. "Our volunteers have been unbelievable, working almost five years toward all this," Wilson said. "It took hundreds of them to make this happen."

It's also led to a stronger sense of community. "Absolutely," Wilson said. "Obviously it's easy for everyone to get together and identify problems, but it's harder to stick it out and work and donate and make things happen.

For a long time, a lot of the work was being done behind the scenes, and we had to keep reassuring people that things would happen. But especially since the streetscape has become visible, people are jumping on board and excited about all that's going on."

More is on the way. The city recently received grants for the first phase of a new city park near the theatre.

The theatre isn't sitting still, either. It is collaborating with the T.J. Sampson Hospital in Glasgow to produce HEAT, a "health education awareness theatre" that will feature a play that deals with decision making and substance abuse. The play will be performed at middle schools in three counties.

"Although it's entertaining and fun, it's also going to get the idea out of the importance of making healthy choices," Brock said. "Residents from the hospital will be there to answer questions and there will be a pre-play and post-play test. This is something I think could really grow and be successful."

This article first appeared in the *Kentucky Monthly* and is reprinted here with the permission of that publication.

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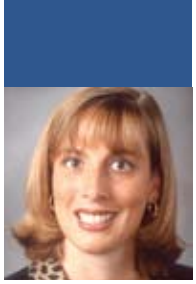

Robyn Miller is Member Services Manager for the Kentucky League of Cities.

Kentucky's enterprising cities

Each year, the Kentucky League of Cities presents the Enterprise Cities Awards to cities that have demonstrated entrepreneurship, innovation and excellence in local government. Projects are judged in seven key areas: innovativeness or creativity of the program, long-term value to the community, adaptability to other cities, use of public/private partnerships, ability to achieve project benchmarks, community/citizen participation in planning and/or initiating the project, and efficiency of the program.

KLC is pleased to announce the 2005 Enterprise Cities Award winners in each of the four population categories.

Population under 5,000

Horse Cave, Mayor JoeAnne Smith (population 2,253)

Horse Cave Streetscape Project – The project changed the commercial district's narrow streets and broken sidewalks and, in the process, the attitudes and hopes of a struggling small town. The downtown area was made handicapped-accessible and more attractive to residents, shoppers, tourists, new businesses and industries.

Citizens initiated the project, participated in planning sessions and donated $40,000 to supplement the work. In the year-long process, they learned a little about design and a lot about how to work together for the good of the entire community.

The design includes a unique tracing of the Hidden River Cave's path onto the streets and sidewalks above – the only one like it in the world. The impact is astounding. Historic buildings are being rehabilitated, new businesses are opening, owners are sprucing up buildings and tourists are enchanted. One industry cited the work going on downtown as a factor that contributed to its decision to relocate to the city.

Population 5,001-15,000

Glasgow, Mayor Darrell Pickett (population 13,614)

The Plaza Theatre – In the fall of 2001, the city bought the historic 1,200-seat Plaza Theatre, located one-half block off the downtown square. At that time, the mayor and city council made a commitment to restore the

theatre to its previous glory as part of a coordinated downtown revitalization effort. After years of fundraising and planning, the theatre opened its doors in April 2005 to an enthusiastic public.

The four-year project was the result of creative thinking, commitment and a lot of hard work on the part of the city and local residents. The theatre is considered the region's premier community performing arts center. By preserving this piece of Glasgow's history, the citizens of Glasgow and the surrounding area will have access to quality art performances for generations to come. In addition, the benefits to the local economy are expected to be substantial.

Population 15,001-40,000

Madisonville, Mayor Karen L. Cunningham (population 19,300)

Madisonville City Park Serenity Path – In 2004 the city and a private entity, the Community Improvement Foundation, joined forces with the Kentucky Division of Forestry to create the Falcon O. and Ernestine Baker Serenity Path. The path underscores the power of collaboration as local government partnered with private and state organizations to develop an innovative project that benefits the entire community.

The project is more than just a scenic walkway along a lake's edge, serving as a living classroom through the life science curriculum known as the Teacher Resource for Environmental Education (TREE) kit. The TREE kit teaches specific science lessons, with focused objectives, and contains all the necessary materials and instructions to conduct a lesson along the Serenity Path.

Population over 40,000

Louisville Metro, Mayor Jerry Abramson, population 700,000

Metro Development Center – The recently opened Metro Development Center is a one-stop shop for development-related business for local developers, builders and homeowners. Metro government agencies that provide assistance and guidance to developers, builders and homeowners began moving into one building late last year after having been spread among five buildings located blocks apart. The lack of a central office location had been a common complaint among Louisville's development community for nearly 50 years.

The Kentucky League of Cities also salutes Kentucky's other enterprising cities that entered the competition:

Population under 5,000

Augusta – *Riverwalk* – With input from citizens, the city's design and construction of a river pier has brought new life to the riverfront area for residents while increasing tourism.

Carlisle – *Vanlandingham Park* – The city turned three vacant acres into a quiet, serene, safe and beautiful park where children can play and citizens can gather for celebrations and recreation.

Carrollton – *Regional Wastewater Treatment Facility* – The City of Carrollton and Carrollton Utilities are building a regional wastewater treatment facility that will provide reliable and affordable wastewater treatment services to a region that includes four counties and eight cities.

Crab Orchard – *City of Crab Orchard Economic Development Program*– With an economic development plan and a community association comprised of enthusiastic citizens, Crab Orchard is attracting businesses to its new industrial park and making improvements to the community, both aesthetically and by providing entertainment and cultural enrichment.

Harlan – *The Harlan Center* – A new convention center/community center complex offers citizens a location for events and programming and adds to the region's economic development.

Hyden – *Wastewater Treatment Plant Upgrade and Line Extension*– A much-needed upgrade to the city's wastewater treatment plant provides services to more than 120 residents and businesses while increasing efficiency and helping the environment.

Marion – *Downtown Revitalization* – Together with local business owners, local officials developed a plan to renovate several abandoned buildings in the city's downtown which now are home to new and existing businesses, a new restaurant, city offices, the chamber of commerce and tourism facilities.

Midway – *Lee's Branch Creek Bluegrass PRIDE Project* – The restoration and cleanup of a .23-mile stretch of creek that runs through a city park has resulted in a natural riparian zone.

Olive Hill – *Volunteerism* – Thanks to committed volunteers, the Olive Hill Main Street Renaissance program has achieved great success in enhancing the community's identity and heritage while promoting economic activity.

Paintsville – *Playground Enhancement Project* – Improving the city pool and adjoining city park to provide access for people with disabilities.

Springfield – *Community Services: City/School Partnerships* – Involving the city's youth in local government projects and tasks while teaching them the importance of city services and public service helps the city benefit from a fresh, young perspective and enthusiastic assistance.

Windy Hills – *Rudy Lane Sidewalk*– Improving safety and offering sidewalk access for residents.

Population 5,001 – 15,000

Edgewood – *Adopt-A-Unit*– Offering moral support and showing appreciation to our troops overseas by adopting a unit of paratroopers from Fort Polk, Louisiana, whose members are serving in Iraq.

Frenchburg – *PRIDE Wastewater*

Helping young people succeed

Five Kentucky communities have been recognized as some of the nation's 100 Best Communities for Young People by America's Promise—The Alliance for Youth.

The winners were chosen by a national panel of civic, business and nonprofit leaders that included U.S. Chamber of Commerce President Tom Donohue, NBC Washington Bureau Chief Tim Russert, United Way of America President Brian Gallagher, baseball great Cal Ripken, Jr. and former Denver Mayor Wellington Webb.

Kentucky's winning communities:

Mount Sterling was recognized for its Agricultural Education Center, an outdoor learning laboratory that allows young people to develop and experiment with traditional, new and alternative agriculture methods, and for the Big Brothers Big Sisters program

Ohio County was singled out for "Operation Storefront," a tobacco awareness campaign and for a program that encourages community members to show their support for education.

Louisville won for the Mayor's Adopt-A-School program that gives city employees the opportunity to spend two hours of paid work time each week volunteering at a middle school, and for Youth Opportunities Unlimited, a one-stop career center providing access to summer jobs and internships for all youth and intensive services for disconnected youth.

Murray and Calloway County received the award for its Laker After School Educational Resources program for kindergarten through fifth-grade students and for the Angels Community Clinic, which provides free medical and dental care for working families and links eligible children with the Kentucky Children's Health Insurance Program and the Women, Infants and Children program.

Lexington won for LEXfusion-Youth and Adults Working Together to Build a Better Community. LEXFusion is a youth-led group that empowers young people to take social action to change their neighborhoods to create safer and more pleasant places to live.

Collection Improvements – Upgrading the wastewater collection system resulted in improved service to homes slated for acquisition by the state highway department and alleviated the need to relocate several families from their homes.

Hillview – *Spotlight on Youth* – The addition of a new recreation director and a renewed emphasis on creating recreational activities for the city's youth has met with great success.

Mount Sterling – *Mattie Lee Project* – Revitalizing a dilapidated neighborhood and offering nontraditional, affordable housing and home ownership for citizens.

Prospect – *Real-time Resident Notification Via E-Mail Alerts* – Offering citizens a faster, more economical and efficient way of receiving information and communications from city hall.

Taylor Mill – *Neighborhood Emergency Assistance Team* – Recruiting and training citizen volunteers to assist the police department during large-scale emergencies such as severe weather or terrorist incidents.

Versailles – *KCTCS and Versailles: A Permanent Partnership* – Relocating the Kentucky Community and Technical College System to a vacant city-owned property in Versailles has resulted in benefits for everyone involved.

Population 15,001 – 40,000

Ashland – *A Cleaner Ashland*– Implementing new programs to improve sanitation services to citizens.

Erlanger – *Advanced Life Support Services* – Providing advanced life support services to its citizens and those in five partner cities.

Fort Thomas – *Central Business District Revitalization Project*– Completing comprehensive streetscape improvements and utility relocation to the city's central business district to create an inviting environment for businesses and residents.

Frankfort – *Cove Spring Park/Nature Preserve* – Creating a park/nature preserve in Frankfort saved the land from commercial development.

Paducah – *Heritage Place Program*– Offering affordable housing in Paducah's Upper Town neighborhood.

Population Over 40,000

Owensboro – *New Ways Property Maintenance Program* – Creating a new approach to addressing and enforcing property maintenance ordinances.

KLC also thanks the distinguished judges, whose enterprising enthusiasm for cities is an asset to the organization and to the state:
Mayor David Cartmell, Maysville, KLC Immediate Past President
Mayor Stacia Peyton, Dawson Springs
Mayor Brenda Allen, Campbellsville
Mayor Elaine Walker, Bowling Green
Councilmember Anthony Bishop, Elizabethtown
Daryl Love, Ashland Inc.
Keith Kappes, Morehead State University

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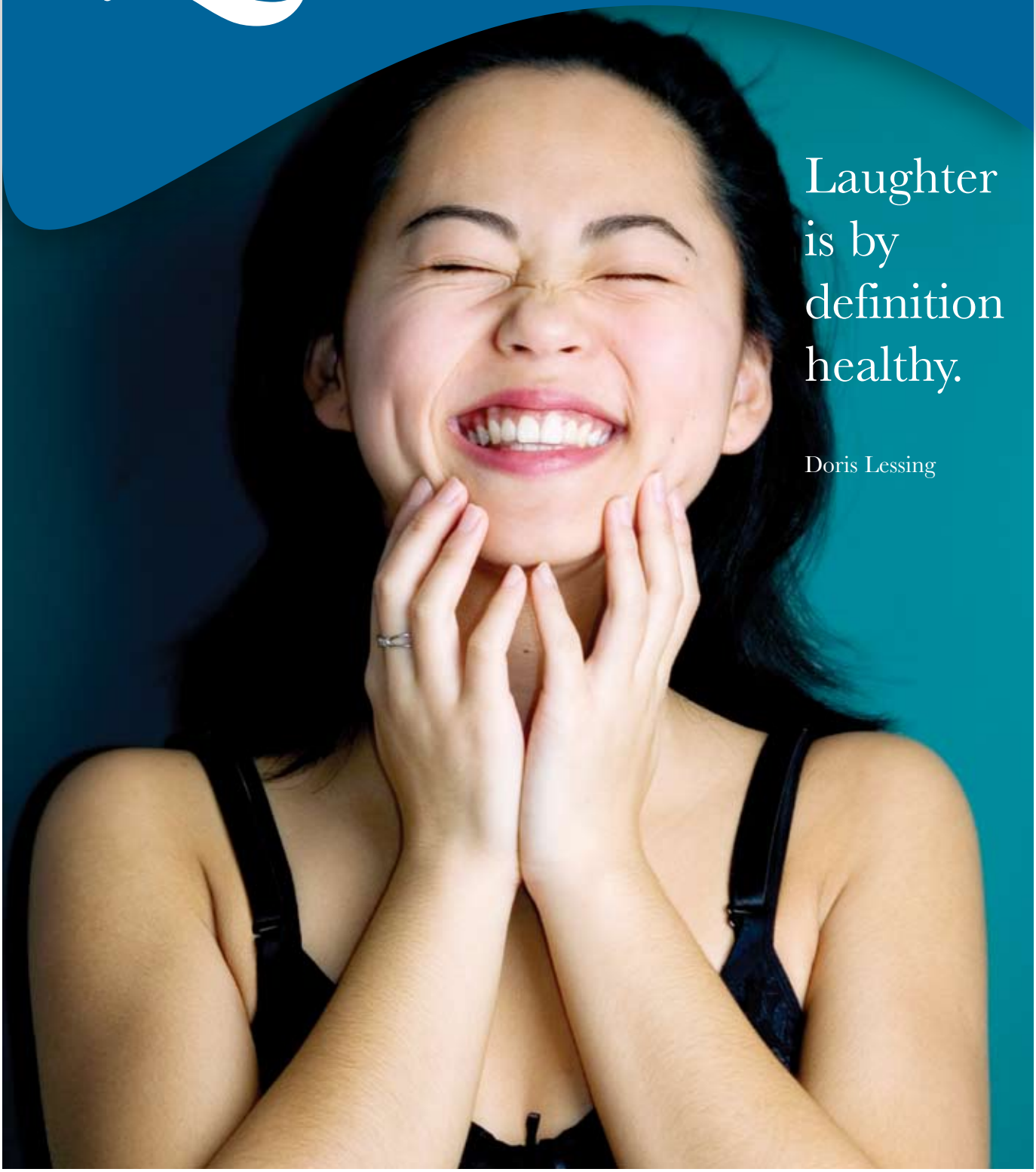

Laughter is by definition healthy.

Doris Lessing

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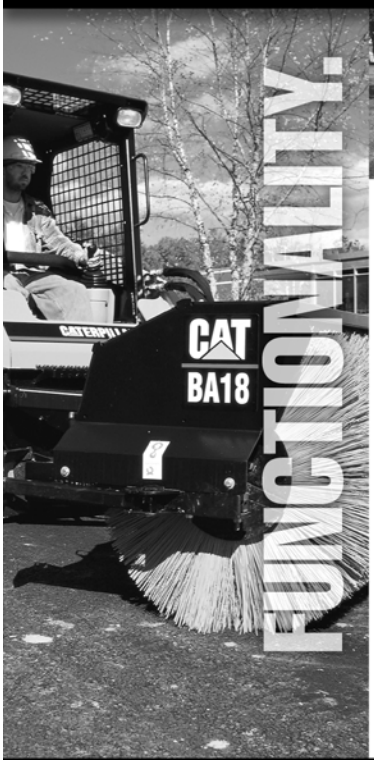

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