



From the Charlotte Observer

Posted on Fri, Mar. 03, 2006

Health-care crisis for business

Business leaders must push reform to rein in costs and protect coverage

From Brian Klepper, president of the Center for Practical Health Reform, a national effort to stabilize and improve American health care:

Last September the CEOs of several Fortune firms -- Costco, Verizon, Honeywell, Starbucks, Drugstore.com -- met in Washington to register alarm over unrelenting health-care cost growth. The meeting sent two important messages.

First, if not restrained, health-care costs will trump every firm's profitability and competitiveness. No commitment to generous benefits can withstand them. Over the last five years health-care premiums -- where all health-care costs converge -- have risen 5.5 times as fast as general inflation, 4 times as fast as workers' earnings and 2.3 times as fast as business income growth. Second, rather than sending subordinates, the CEOs went to Washington themselves. This conveyed that the crisis now warrants the focus of our most influential business leaders and immediate attention on the national policy agenda.

The considerable human implications aside, the economics of health care's cost explosion are profound. Skyrocketing premiums are pricing individuals, corporations and governments out of coverage. U.S. Bureau of Labor Statistics data show that fewer than 45 percent of private sector jobs now offer health benefits, and that number is dropping every year.

Erosion in government-funded coverage is next. As health care takes bigger bites of local, state and national budgets, we can expect reduced allocations for Medicare, Medicaid, public employee and retiree health benefits and public health programs.

Fewer people with insurance will mean fewer financial inputs to the health-care system, a gathering storm for an industry accustomed to always getting more. For example, America's safety net hospitals now operate at paper-thin margins. Cut back on their reimbursements and increase their load of uninsured and underinsured patients, and many will collapse. Even worse, because health care is the nation's largest business sector -- one-seventh of the economy and one-eleventh of the nation's jobs -- its increasing instability could threaten the national economic security.

So far, we've had little real leadership on this crisis. Aware that change will compromise profitability, the health-care industry continues to resist collaborating on meaningful reforms. The Bush administration's recent proposals -- high deductible plans and more individual responsibility -- are ideological rather than structural solutions, and will do little if anything to get costs under control. Meanwhile, Congress is beholden to health care's many powerful special interests and is seemingly paralyzed by the problem's complexity.

Business' Leadership on Health Care 1

A not-for-profit, 501(c)(3) corporation.
Financial support is tax-deductible.
bklepper@cphr.com, 904.246.9643





Only the larger business community is strong enough to initiate the course correction. By mobilizing, America's non-health-care business interests could pressure Congress and the health-care industry to rapidly implement the standards, transparency, performance incentives and other disciplines that are required to re-stabilize health care and that other progressive industries already take for granted.

For The Record offers commentaries from various sources. The views are the writer's, not necessarily those of the Observer editorial board. Contact Brian Klepper at P.O. Box 330911, Atlantic Beach, Fla. 32233 or bklepper@cphr.com.

2006 Charlotte Observer and wire service sources. All Rights Reserved.
<http://www.charlotte.com>