

**National Business Coalition on Health Position Statement
September 2007
“Making Affordable, Quality Health Care Accessible to All”**

NBCH believes that genuine health care reform must address the health care triad of access, quality, and affordability. There are nearly 50 million uninsured U.S. citizens and millions more that are inadequately insured, many of which are employed by small businesses. The solution to providing some or better coverage to all these people is not simple, it will require that all stakeholders- federal, state and local lawmakers, consumers, providers, and employers- think broadly, creatively to ensure that there are effective and accessible options available.

As our nation’s health care system continues increasing in cost and complexity, people link into the system in a variety of different ways depending on their employment, insurance eligibility, health status and financial situation. A major concern is that rising health care costs put American industry at a competitive disadvantage in a global economy, while adding to the economic insecurity of the American public who must increasingly contribute their own hard earned dollars to an ever growing health care industry. NBCH and our business coalition members certainly understand the financial investment of expanding affordable, quality coverage to the uninsured and underinsured. It lowers consumer reliance on inappropriate utilization of services that have resulted in cost-shifting to the private sector. It also improves the health and productivity of the community's workforce, which in turn increases productivity and retention, and reduces absenteeism.

In fact, we all gain from accessible, efficient, thoughtful, evidence-based health care but we all loose from perpetuating an opaque system of inefficiency, and inaccessibility. NBCH’s vision of health care reform stretches beyond the issue of access to care and the uninsured. Two other pressing issues must be recognized and honestly addressed in the coming national debate: health care quality and affordability. Simply stated, if we solved the problem of the uninsured tomorrow, the issues of health care quality and affordability would still leave us with a health care crisis.

There is not just one “transformational solution” to fix this situation, but we can put policies in place to help the system fix itself. The U.S. Department of Health and Human Services is trying to accomplish this by moving our nation’s health care toward a value-based system via the “Value-Based Health Care Initiative.” The crux of “Value-Driven Health Care Initiative” are the four cornerstone of action -health care transparency- interoperable health information technology (HIT), price and quality transparency, and consumer and purchaser incentives to utilize high-value health care. For now, federal government health care purchasers- Medicare, the Department of Defense, the Veterans Health Administration, and the Office of Personnel Management- are required to include these four cornerstone priorities into their purchasing and procurement processes, and to correspondingly demand accountability relative to these four cornerstones. Additionally,

HHS also is soliciting support for the procurement cornerstones from our nation's largest private-sector employers. NBCH is doing its part to bring about reform too. Starting in the 2007, NBCH included in its eValue8 standardized health plan quality improvement instrument twelve key questions related to implementation of the Value-Driven Health Care Initiative four cornerstones. NBCH is publicly reporting Value8 performance results from the Value-Driven Health Care Initiative's four cornerstone-related measures.

Though we firmly believe that health care reform through value-based purchasing is the way to control costs, expand accessibility and improve quality is paramount, NBCH also believes government, business, provider and consumer partnership and shared responsibility, which utilizes a **combination of the following policy incentives could be an effective way to help spread value-based purchasing, as well as meet the diverse health care coverage needs of a diverse population:**

- Improve accessibility to tools that help consumers obtain better information about providers' quality of care and prices. Transparency results in better choices, improved care and ultimately lower costs.
- Enhance employer tax incentives to provide employee health care benefits.
- Improve state and federal tax incentives for U.S. residents who purchase individual health insurance.
- Provide reasonable exemptions from state mandates, particularly for small employer coverage.
- Broaden accessibility, application and flexibility of all types of consumer-based health care benefits.
- Support small business-friendly legislation and reforms that will allow small businesses to collectively purchase health insurance to spread risk and leverage economies of scale.
- Extend eligibility and enrollment opportunities, to the extent possible by the states and federal government, for public insurance programs- SCHIP, Medicaid and Medicare.
- Support "locally grown" public-private partnerships (i.e. three-share model or multi-share program) which distribute the health care benefit premium cost equally between employer, employee and local/state or federal government resources, enabling small and mid-sized businesses to provide a comprehensive mainstream benefit plan

Simultaneously, with all of these efforts to reform and fix the system, the employer-based health care system must be preserved and allowed to thrive. For over half a century, it has spread risk and pooled covered lives through group insurance, creating far greater leverage in the marketplace than individual consumers could ever generate on their own. It has established the employer community as purchasers and change agents for health care and advocates and a reliable health information resource for its workforce. The employer-based system has been the leader of value-based purchasing, introducing innovations like pay-for-performance, value-based benefit design, and health plan and provider report cards. It has been a leader in health promotion, prevention and disease management.

Through the work of business and health coalitions, it has established group purchasing arrangements among employers while giving employers a collective voice in health care reform initiatives at the community level. Finally, competition for talented labor in many industries ensures that health insurance and other worksite health benefits remain comprehensive.

The employer-based system, NBCH recognizes, is not without its weaknesses. In particular, the struggle of small employers to access affordable health insurance, without market leverage or the ability to spread risks across a large population of covered lives, is severe and growing more difficult by the minute. The environment appears ripe for experimentation and identifying and testing a mix of strategies to address the problem, including: legislation and market strategies that would allow small businesses to collectively purchase health insurance to spread risk and leverage economies of scale; small employer tax incentives to provide health care benefits; reasonable exemptions from state coverage mandates for small employers; greater flexibility to allow families to use SCHIP dollars to enroll in employer sponsored benefit programs; and state reform initiatives, like Massachusetts, that combine a mix of approaches such as an individual mandate with an employer “pay or play” policy to find a real solution for the uninsured.

Leveling the federal tax paying field in terms of a standard deduction for everyone, given the President and Congress’ current interest in this method, could be an effective strategy to help individuals that purchase coverage on their own. The special tax status for the employer-based system has been unfair to individual purchasers, especially self-employed consumers. However, NBCH is skeptical of efforts to contain escalating costs and to bring equality to the system by making the purchase of health insurance over a certain amount taxable income. Essentially, such a strategy could weaken the foundation of the employer- based system, particularly since the current system already is shifting significant costs onto employees through copays, deductibles and various geographic-based inequities. Nonetheless, the overall issue of a standardized tax deduction for the purchase of health care is worthy of open debate in Congress.

Again, NBCH believes that genuine health care reform must address the health care triad of access, quality, and affordability. We will also need the active engagement, participation and leadership of all stakeholders of the health care system if we are to be successful in advancing this reform agenda. NBCH urges that a principle of shared responsibility guide our policies moving forward understanding that businesses, government, health plans, health professionals, provider organizations, and consumers must come together in dialogue, action and equal sacrifice for us to realize a new vision of improved health and health care for all Americans.

About the National Business Coalition on Health

NBCH is a national, non-profit, membership organization of nearly 80 employer-based health care coalitions, representing over 10,000 employers across the United States. NBCH and its members are dedicated to value-based purchasing of health care services through the collective action of public and private purchasers. Given the unique needs of NBCH's members, and of the individual employers that comprise each coalition's own membership, NBCH does not claim that each of its member coalitions, or their employer members, endorse this position entirely.