



Control Health Care Costs and Improve Quality: We Have to Act Now

National Business Group on Health

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“More Evidence Recession Has Already Arrived”

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“Kodak Sees Sales Falling, Plans New Cuts”

“Early Job Losses Compound the Downturn”

“GDP Shrinks 0.3%”

“Route Rounds Globe, Pounds U.S. Stocks”

“As Layoffs Rise, Jobless Throng Career Fairs”

“Hartford Shares Plunge 52% Amid Capital Fears”

“Massive Efforts to Save Mortgages”

“Chrysler to Slash 25% Of Its White-Collar Workers”

“Workplace Retirement Plans Suffer \$2 Trillion in Losses”

“Economists Search for End of Woes”

“Slow Payments Squeeze Small-Business Owners”

“How Retirees Can Ease Pain Of Market Rout”



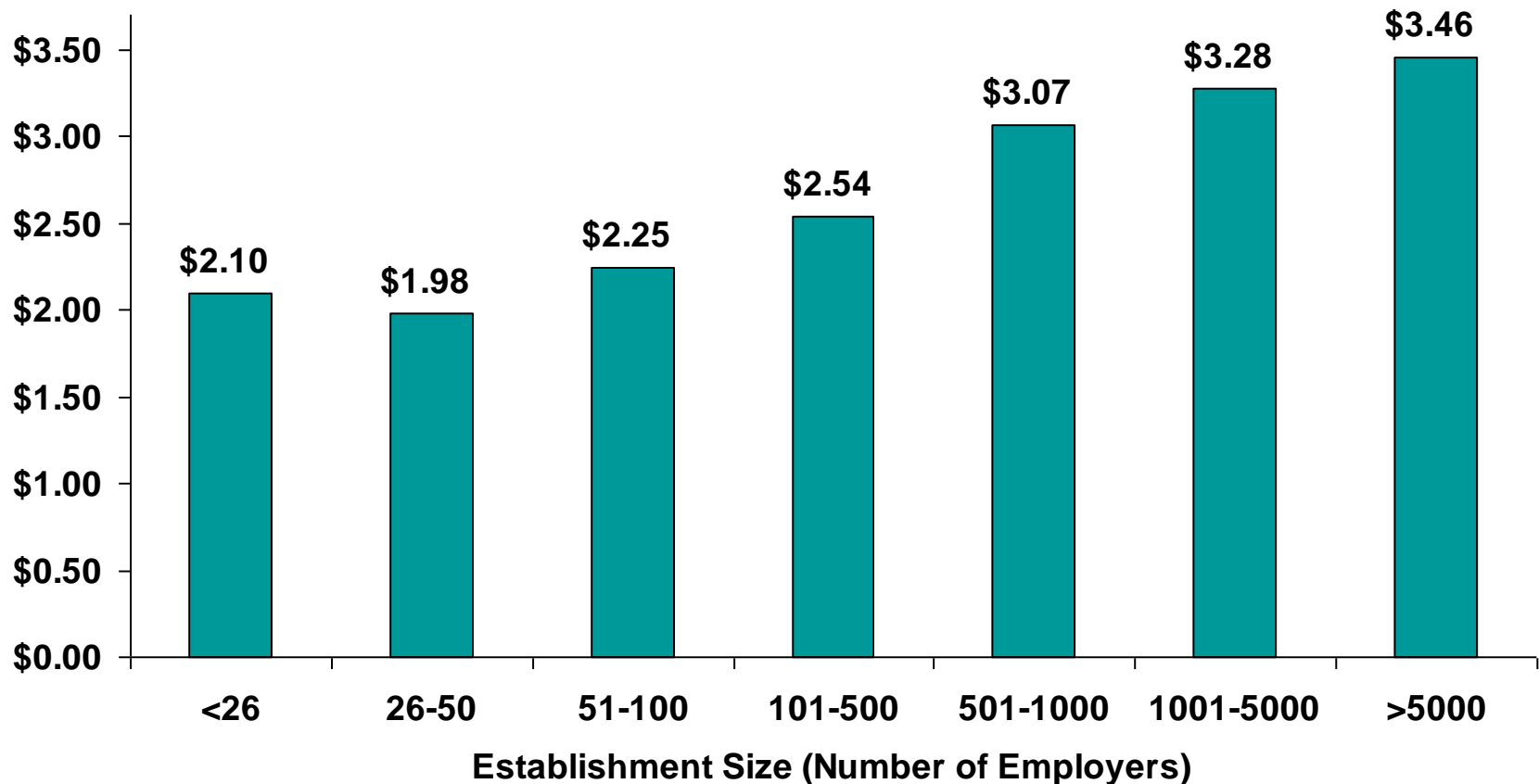
What Do Employers Want?

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- Employers provide health benefits for about 2/3's of US residents under age 65, or 162 million people.
- Employers are deeply concerned about the costs of health care—on average over \$9,300 per year for active employees and \$15,609 for family coverage in 2008—and that costs increase faster than almost any other expense, and well more than employee wages.
- In effect, employees have been giving their pay raises to the health care system for the last 7 years.
- Employees and their dependents have also had to spend even more out of their own pockets for the same coverage or even less coverage.

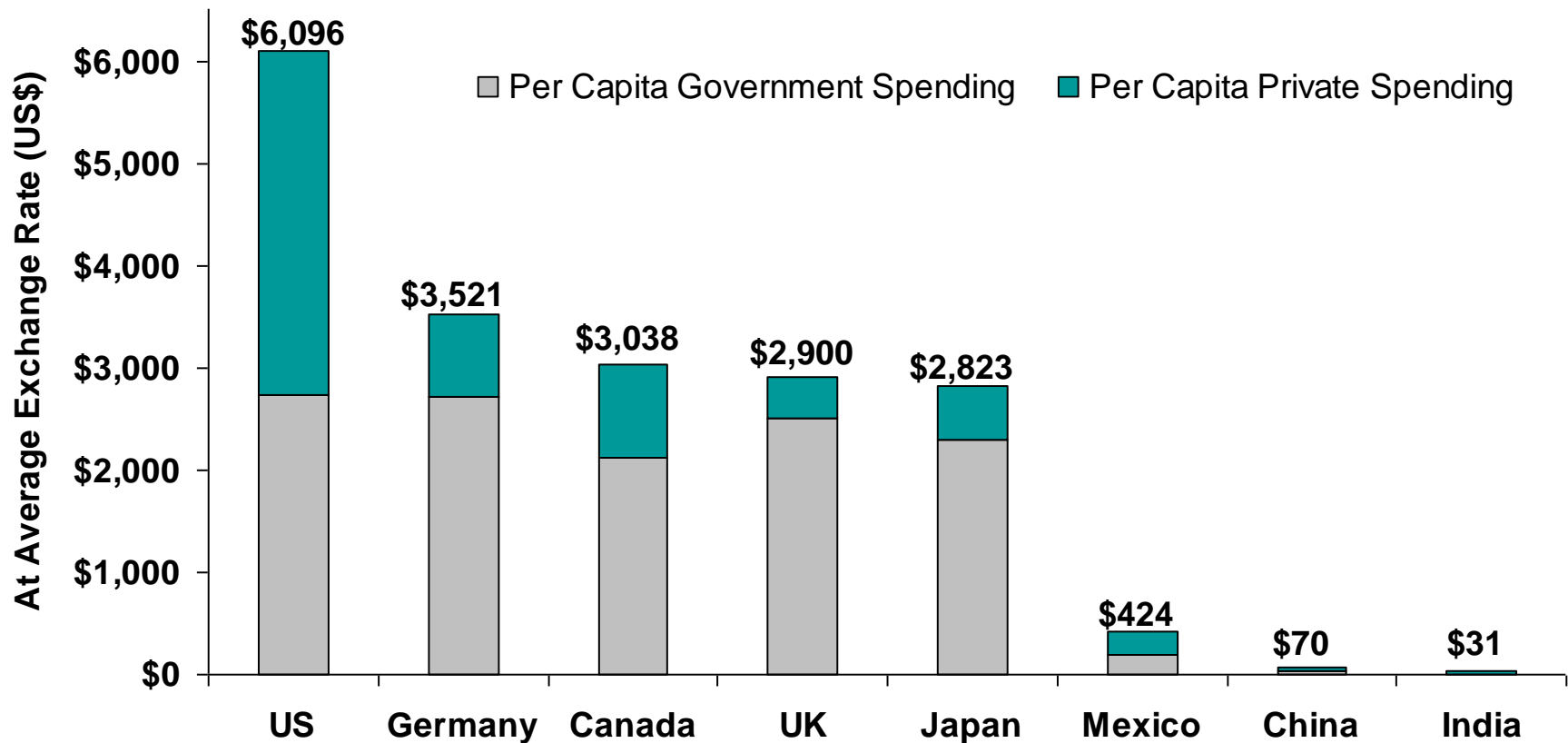
Average Hourly Health Insurance Costs for Employees with Access to Coverage, by Establishment Size, 2005

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Straining Business Competitiveness

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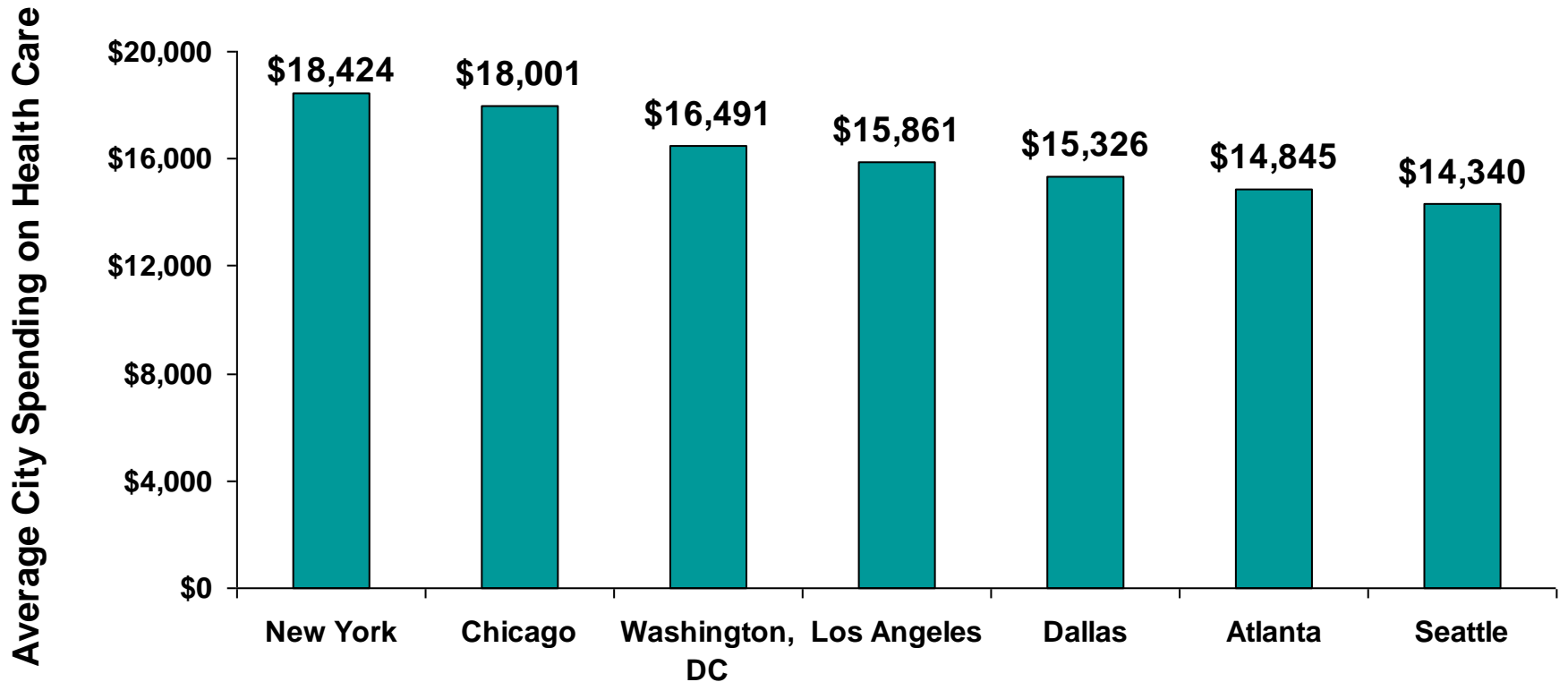
Note: Figures represent total per capita government spending plus private spending. China figure does not include Hong Kong and Macao Special Administrative Regions.

Source: 2007 World Health Organization Statistics.



2008 National Average Health Care Spending, by Select Cities

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What Do Employers Want?

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- Employers are deeply concerned that the health care we are buying is: much more expensive than even other rich countries, with which we have to compete globally and it is often unsafe.
- US health care is very uneven—sometimes it is the best in the world and other times it is substandard.
- Our health care financing system is dysfunctional
 - We pay too much for services we do not need.
 - We don't pay for services that we know could be beneficial.
 - We provide “Cadillac” care for a shrinking number of people and little or nothing for many millions until they get really sick and end up in the ER.
- We need to pay for what works and to support a health care system that ensures that all residents have access to good primary care, which emphasizes disease and injury prevention and the promotion of healthy lifestyles.



What are the Solutions?

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- We have to address cost, quality, safety, efficiency, effectiveness, disparities and access challenges ***simultaneously*** to ensure that everyone receives medically necessary and appropriate care.
- We have to have more health, not just health care, which will require better public education, training and public services.
- Initiatives that do not build in the right foundations will fail and any expansion of access will only be temporary and exacerbate cost problems, making it even harder to correct problems down the road.



What are the Solutions?

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- We should increase funding for comparative effectiveness research on health care interventions (both new and old) so that personal choices and coverage decisions can be made on evidence by fully informed consumers.
- We must have a transparent process for CER, including agreement on what data and analysis will be used.
- We must have a secure nationwide electronic health information network, and create portable personal health records for all. As we have seen in the work of DHHS, AHIC, AQA, HQA and NQF, it is possible to make progress in important areas with a fully transparent process.
- We believe that every adult should be required to have health coverage for themselves and their dependent children. We must ensure that there is affordable, evidence-based health insurance, not expensive benefits which will only make the cost problems worse.



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What are the Solutions?

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- Finally, employers want to be sure that they can operate in more than one state with the federal framework, provided by ERISA. ERISA-protected employee benefits affect the coverage of more than 160 million Americans, or 62% of the non-elderly population.
- It is in our national interest to ensure that every resident of the United States receives necessary, evidence-based health care with the strongest emphasis on disease and disability prevention, health promotion, from a primary care physician and a team of other health professionals. Our \$2.7 trillion health economy has plenty of money to meet those commitments. We must stop wasting our collective resources.