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Health care proposals need work

Pittsburgh Business Times - by [John Seltzer](#)

At the core of the health insurance debate are two major issues. First, how do we provide health insurance for the uninsured? Second, how do we control the skyrocketing cost of health care? While solving one of these problems may help the other, they require two separate and distinct solutions.

A number of proposals have been offered to address the uninsured problem, most recently the Dodd-Kennedy Health Bill. This plan proposes to provide a government run plan to offer health insurance to the uninsured. It is not the intention of this bill to replace employer-provided health insurance or private health insurance. Upon a closer look, there may be unintended consequences.

Currently, the average monthly cost of health insurance in western Pennsylvania is about \$400 per month for single coverage and \$1,000 per month for family coverage. This bill is proposing that employers who don't offer health insurance coverage to their employees will be charged \$750 annually for each full-time worker. According to a [Lewin Group](#) study, because of this cost differential, 119 million people would be forced onto a government plan.

There are other concerns.

The two government run plans that currently exist are not shouldering the full cost of care provided to their beneficiaries. According to a Milliman study conducted in December, private plans absorbed \$90 billion in annual expenses not covered by [Medicare](#) and Medicaid. We have seen a significant reduction in government reimbursements over the last few years, causing the gap to widen between provider's costs and what they are actually reimbursed. This results in more cost shifting.

Also, commercial insurance companies are legally required to set aside reserves for future claims, a cost included in premiums. Social Security, Medicare and Medicaid are not required to set aside such reserves but are on a pay-as-you-go basis. This puts commercial insurance companies at a competitive disadvantage.

The insurance industry knows that it needs to offer reform. Some of the key elements of that reform include eliminating medical underwriting, removing pre-existing conditions limitations and offering greater choice of plans. In addition, there needs to be a subsidy for those who can't afford coverage either through tax credits or vouchers.

Lastly, nothing is mentioned in these bills about how the government is going to reduce the increasing cost of health care. The additional cost of providing insurance for the uninsured is estimated at a trillion dollars over 10 years. If we do nothing to control the escalating cost of health care, we further exacerbate this problem.

Many of the ideas being floated about are repackaging of old ideas that haven't worked. I believe we need reform, but I have yet to see anything that addresses the biggest issues.

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