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At Issue

Universal Health Coverage: What Is Missing from Debate?

Missing from the current debate over healthcare reform in New Jersey is a discussion of how we are going to rein in healthcare costs. No matter what the outcome of the universal coverage debate, if we do not contain runaway healthcare costs, the problems will only get worse.

There is a wide array of proposals to provide universal coverage in the United States. But what is missing from the plans is any mention of the most critical problem in healthcare – escalating costs. If today's trends continue, our healthcare system is on an unsustainable path.

The business community has long recognized that the increasing cost of health coverage is a problem that needs to be addressed. For almost 20 years, NJBIA members have ranked the cost of health insurance coverage their top problem in the Association's annual Business Outlook Survey.

The stakes are high. In New Jersey, where the cost of operating a business is higher than in most other states, rising health-insurance premiums are costing the State jobs, business investment, and tax revenues.

Frequently, discussions of health coverage reform focus on the 1.4 million New Jerseyans who are uninsured. How to sustain coverage for people who have it is often overlooked in the discussion, but it is the critical issue.

Almost five million New Jerseyans have employer sponsored coverage. However, that coverage is expensive. The 2006 Kaiser Study found that the cost of health

insurance has gone up almost 80 percent since 2000. So, a company with 100 covered employees saw their healthcare costs jump from about \$400,000 to more than \$700,000 in just six years.

Each year, as premiums climb higher, small businesses are priced out of the market and lose coverage—making the pool of uninsured grow larger.

This isn't to say that figuring out how to cover the uninsured isn't important. It is. But the underlying dilemma, about which we hear much less, is that healthcare costs are going through the roof with no end in sight.

Our country now spends more than \$2.2 trillion annually on healthcare. Within ten years that number is projected to double, accounting for 20 percent of the Gross National Product. These costs have the potential to bankrupt any of the proposals now being considered.

If we are serious about solving the healthcare crisis, we need to rein in accelerating costs. These costs are due in large part to the huge sums we now spend on an extraordinarily inefficient system of piecemeal interventions for late-stage chronic diseases. Our reimbursement system seems to reward this inefficiency.

We must move toward a reimbursement system that encourages primary care. The use of technology, like electronic health records, should be implemented to ensure that patients get high-quality efficient care.

Often the debate about healthcare centers around who pays for it: employers, individuals, or the government. Until we focus on what we are paying for – an inefficient healthcare system that delivers uneven quality – we will never be able to sustain expanded coverage. ❧