

## **Small-biz survival is issue in health-care reform-July 1996**

With the culmination of this year's Arizona Legislature, outside of any special sessions, it became apparent that nothing new was going to happen in the way of meaningful health-care reform.

It seemed as though the "special interests" had burned themselves out over the past two years trying to get anything passed.

In retrospect, these same interests wanted to change too much too soon and were thwarted in their attempt. The reality is that all those who want health-care reform, basically, want their piece of the health-care dollar.

You see, the driving force for system reform is not so much about covering the uninsured, which is important, but that of the interests of business and cost.

The marketing of health care seems to revolve around paying tribute to the "quality of care" or "hassle-free" service.

Unfortunately, the "value" of health care is one thing, the bottom line is another.

And it's also the bottom line when it comes to employers providing a benefit such as health care.

The issue of cost, and thus "economic survival" for the small employer, is the primary reason for not providing benefits.

Some may still argue that access to health care is the issue and not cost, however, with nearly 100 "accountable health plans" available, there is something available for any employer, insurable or otherwise.

Unfortunately, it is difficult for our lawmakers to relate to issues such as cost and access, when their benefits already are subsidized.

It is not a standard practice for employers to subsidize the entire cost of a benefit, such as health insurance. In fact, some employers won't provide health insurance, whatever the cost.

The Arizona economy may be booming, but the profit margins are thin, especially in the construction trades.

To prove my point, a company with 30 employees asked me for a proposal for a group health plan. I suspected that there was little or no intent, on the part of the employer, to participate in the premiums. I provided the company with a \$60 employee premium, and their response was that this was too high!

The issue here is that our Legislature can pass all the health-care reform bills they want to and there still will be any number of people who will be uninsured.

There are, basically, six kinds of people who will be uninsured at some point in their lives, if not forever. The first are those that are between jobs or are the victims of corporate downsizing. Any number of these cannot afford the cost of COBRA and/or obtain a short-term health policy, which does not cover pre-existing conditions.

Next are the young and healthy. This group won't purchase health care at any price.

If it is provided free, then that is OK, but if it infringes on their lifestyle then that is another matter. It is also these same young and healthy people who, should they become sick or pregnant, expect to be covered immediately.

The next group of uninsured are at the other end of the health spectrum. These are the medically uninsurable, whose pre-existing conditions preclude them from obtaining a private health plan. I recently received a request from an individual for health insurance who, two weeks prior, had been

scheduled for radiation treatment.

The fourth group, which is growing at a seemingly rapid pace includes those who have an existing health condition that prevents them from getting insurance, but can afford to pay for it, if it were offered.

They are primarily the self-employed or individuals working for employers who do not provide benefits. As a result, if they are able to obtain an individual health policy, they are frustrated at having their preexisting conditions ridered or excluded from coverage.

The fifth group includes spouses and/or children of the primary breadwinner, who are unable to afford the dependent premium that is offered by their employer. The actual numbers of employee dependents who are not covered for this very reason is staggering.

The final uninsured group includes the “working poor”, who tend to put a strain on the emergency rooms across the Valley while they try to maintain their version of “continuum of care.”

These untenable scenarios will, seemingly, continue to complicate the issue of health-care reform as long as the health-care system remains cost-driven. The issue of cost is supported by the continual “screening process” for group and individual health insurance by some of the largest purveyors of health care.

It is also supported by the physicians and hospitals being “managed” into supplying their services below cost.

And it’s supported by the discounts to Medicare and Medicaid, resulting in cost-shifting to the traditional indemnity plans.

As the cost of health care escalates, and it will, and more people become uninsured, our confluent insurance industry will be forced to better “manage” their risk, or risk being “managed.”