

Take practical approach to health care problem (op-ed)
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by Steve Smith

The state of New Jersey needs to reduce the number of its uninsured people which has now reached about 1.3 million. Nationwide, 46.6 million people didn't have health insurance in 2005, up from 45.3 million people in 2005 according to the U.S. Census Bureau. We can not and should not accept these numbers.

The idea of government mandating that every person in New Jersey get health insurance, which some legislators are pushing, may sound great in principle to some. We've got to do something, or healthcare costs will continue to climb to a point where most people and businesses won't be able to afford it. Even now, many can't afford it.

But, since a full-scale overhaul of the system like mandating universal coverage raises extremely high economic and political costs, perhaps we should forget the overhaul, and instead focus on practical ways to make health insurance more affordable. Let's fix the parts we can using practical strategies that offer incentives for employers to provide health coverage, like legitimate tax credits and subsidies.

Employers, by and large, respond much more favorably to the carrot than to the stick. We all know that many employers don't offer health coverage to their workers. But forcing them to provide health insurance or penalizing them if they don't is not the answer. Why? Because if we keep making it even more difficult for them to do business in our great State, large employers will leave for greener pastures and less government interference, and small employers will find it too costly to create new jobs.

The state should consider offering refundable tax credits to people who purchase coverage through the individual market or through employer-based health insurance. Since after several years of trying, Congress has been unable to pass this type of legislation, we encourage our state legislators to take on this issue and introduce such a bill.

What's more, the state needs to boost enrollment and participation among those who are already eligible for state-subsidized plans, but haven't signed up. That means educating people on how to enroll and empowering employers to enroll uninsured workers with additional tax credits and incentive. Otherwise, too many of those eligible will never come forward, and will continue to use our hospitals' emergency rooms as their primary care physician.

Another problem to address: the growing number of mandated benefits that add to the cost of health insurance. In December 2006 a bill (S807) was passed in the state senate in New Jersey that would further extend medical coverage for the treatment of mental illness and substance abuse. If enacted, this legislation would force insurance carriers to cover non-biologically based mental illness under the same terms as provided for any other sickness under the policy (biologically based mental illness already is).

According to the actuarial firm of Millman & Robertson, mental health parity requirements could add between \$175 and \$350 a year to the cost of a health insurance policy. Research shows there are more than 1,800 benefit mandates in existence, and various studies indicate they have caused health insurance premiums to increase as much as 25%. By increasing the number of mandates, we risk pricing even more people out of the health insurance market, further increasing the number of uninsured people.

Many other factors cause health insurance costs to soar, including the departure of physicians from health networks due to inadequate insurance company payments, rising malpractice premiums and soaring prescription drug costs. Since other states like Vermont, Maine, Massachusetts have introduced various forms of universal health care, we should study what's working there, and what isn't working there. But before we adopt what they're doing, let's first remember that New Jersey has almost double the number of uninsured residents than those three states combined.

The New Jersey Association of Health Underwriters wants to be part of the effort of finding solutions to controlling health insurance costs. We think this can more effectively be done piece by piece, because overhauling the system is simply not practical. Still, we don't pretend to have all the answers. To bring about solutions-or at least progress-elected officials, business and consumer groups, the insurance industry and other parties need to work together to develop practical solutions. Then we can begin to make a difference.

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