

Health insurance crisis has no 'magic bullet'

BY NICOLE GUNIA

Requiring every person in New Jersey to carry health insurance — the hope of some state legislators — is a great idea in principle. We desperately need to reduce the growing numbers of uninsured people in New Jersey, which is now at about 1.3 million, including countless numbers in Morris County. Nationwide, a whopping 46.6 million did not have health insurance in 2005, up from 45.3 million people in 2004, according to the U.S. Census Bureau. These numbers are unacceptable.

The state must look at practical ways to make health insurance more affordable. Not taking action is not an option. Eventually the balloon will burst as health care costs continue to rise to a point where most citizens and employers won't be able to afford it.

That includes Robert Solotist, president of R.A.S. Associates, Parsippany-based real estate appraisers, who said a government mandate to offer health insurance to his employees would "force me to close my business or lay off all my employees and work by myself."

How do we protect Solotist and all the other small-business owners and still reduce the number of people without health insurance? There is no magic bullet, and that includes universal health care. But if we stop thinking overhaul and start focusing on elements of the system that could be fixed — or at least improved — we could start making progress.

One critical piece of the problem is that too many employers don't offer health coverage for their workers. But instead of forcing every business to provide health insurance or forcing every resident to obtain it, we need practical strategies to encourage employers to provide health coverage with legitimate tax credits and subsidies. And let's stop penalizing large and small employers for not doing enough for their employees. If we keep making it more difficult for them, while costs continue to

How would you protect small businesses from a government mandate to provide all employees with health insurance?

rise, we risk seeing businesses leave the state — and some already have.

The state should also offer refundable tax credits to people who purchase coverage through the individual market or through employer-based health insurance. Congress has unsuccessfully attempted to pass this type of legislation in the past few years — and we urge state legislators to introduce such a bill.

We also need to increase participation among those eligible for state-subsidized plans. These individuals need to be educated on how to enroll, or employers must be empowered to enroll these uninsured workers with additional tax credits and incentives. The state will not be able to simply shepherd those eligible into the system.

Another critical piece of the problem is the rising number of mandated benefit requirements, which significantly raise the overall cost of health insurance. Last December, a bill that would extend medical coverage for treatment of mental illness and substance abuse passed the state Senate. This legislation would force insurance carriers to cover non-biologically based mental illness under the same terms and condition as provided for any other sickness under the policy.

While individual mandates are often popular since they try to provide specific populations with greater access to particular services, there is a cumulative price tag associated with ensuring such access. The U.S. Department of Treasury estimates that state and local governments would pay an additional \$15.6 million for such expanded coverage. Moreover,

a study by the actuarial firm of Millman & Robertson revealed that mental health parity requirements could add between \$175 and \$350 annually to the cost of a health insurance policy.

There are several other pieces of the problem that fuel health insurance cost increases. These include the exodus of physicians from health networks due to inadequate insurance company payments, skyrocketing malpractice premiums and soaring prescription drug costs.

Lawmakers, business groups and other parties should thoroughly analyze what is working well and what has failed in states such as Maine, Massachusetts and Vermont, where various forms of universal health care have been tested. The analysis must consider that Jersey has nearly twice the number of uninsured than all of these states combined.

The New Jersey Association of Health Underwriters does not pretend to have all the answers. But we want to be part of the effort to continue looking at all the potential solutions to controlling health insurance costs — piece by piece — because overhauling the system is not practical. A solution requires improvements in many areas, which means work by elected officials, business and consumer groups, the insurance industry and other parties. By taking this practical approach to fix or improve some of the problems, we can make a difference.

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