

NSBA Proposal for Broad Health Care Reform

Small businesses deserve access to quality, affordable health care

As health care costs spiral out of reach for many small-business owners, it has become clear to NSBA that meaningful, broad reform of the health care system is necessary. This reform must reduce health care costs while improving quality, bring about a fair sharing of health care costs, and focus on the empowerment and responsibility of individual health care consumers.

Fair Sharing of Costs

The current health care system creates great inequities in how health care coverage is obtained and paid for. These inequities have profoundly-negative consequences for small businesses and their employees.

NSBA proposes a fair playing field by implementing the following elements:

- All individuals would be required to obtain coverage. This will ensure that both healthy and sick individuals participate in insurance pools, spreading risk more evenly. Uncompensated care, currently funded through cost-shifting to the insured, would be dramatically reduced.
- The required benefit package would be subject to federally-established rating rules based on modified community rating, adjusted for geography, with defined rate bands within which all federally-defined packages must be priced. Insurers would operate on a guaranteed-issue basis and would be allowed to give limited discounts or benefit enhancements for wellness programs.
- Individuals and families would receive federal financial assistance for health premiums, based upon income. The subsidies would be borne by society at large, rather than in the arbitrary way that cost-shifting currently allocates these expenses.

Empowerment and Focus on Individual

The current private insurance market focuses almost entirely on the provision of third-party coverage through employers. This eliminates any consumer involvement, causing both prices and utilization to go unchecked. The employer focus means that the system frequently fails employees (often from small businesses) whose employers are unable to provide coverage. In addition to the steps outlined above, NSBA address these problems by:

- Creating a basic benefit package that includes only truly necessary benefits and recognizes the need for higher deductibles for those able to afford them. This type of package would help return health insurance to its role as a financial backstop, rather than a reimbursement mechanism for all expenses. More robust consumer behavior will follow.
- Reshaping tax incentives to match, regardless of whether health care is purchased through an employer or individually. Such incentives would be capped at the premium level for the required package, and additional coverage would be purchased using after-tax dollars. This will curtail over-insurance and ease demand for health benefits in lieu of other compensation.

Reducing Costs While Improving Quality

Too often the current third-party payment system financially rewards providers for unnecessary and bad care. Beyond the benefits that consumerism can bring, more must be done to improve both quality and keep costs in check. Needed elements include:

- The implementation of electronic records and procedures including digital prescription writing, individual electronic medical records, and universal physician IDs can reduce unnecessary procedures, increase efficiency, and improve the quality of care.
- Transparency is crucial to help consumers understand their own health care. All providers should make publicly available, a plain-language list of the top 20 in-patient and out-patient procedures' costs and risk-adjusted outcomes, to be updated annually and expanded until all procedures' cost and outcomes are publicly listed.
- Alternatives to traditional doctors' offices and hospitals—retail clinics, volunteer programs, urgent-care clinics—can offer near-term relief and should be supported.
- Pay-for-performance initiatives should be adopted by insurers following the lead of the Centers for Medicaid and Medicare Services (CMS). Providers should be reimbursed based upon actual health outcomes and standards, rather than procedures.
- In addition to limiting on medical malpractice awards, NSBA supports the implementation of Health Courts to handle medical injury disputes.