

Rein in the Costs of Health Care

The ever-increasing cost of health care must be restrained and reduced

NSBA opposed the *Patient Protection and Affordable Care Act* and the *Health Care and Education Reconciliation Act of 2010* due to its failure to truly address health care costs and insurance premium prices. New legislative activities and agency regulations should prioritize and expedite health care cost-reduction and containment initiatives that reduce rates of medical utilization and trend inflation while improving health care quality and empowering consumers.

Health care costs are among the largest costs that small businesses incur. Moreover, health care costs have been and, in the absence of major reform, will continue to grow at an unsustainable pace. Health care reform is a priority of the small-business community.

Health care spending in the U.S. has increased from 12.5 percent of GDP in 1990 to 13.8 percent in 2000 to 17.6 percent in 2009. Nearly one in six dollars spent in the U.S. are spent on health care. This makes our country's health care system uniquely expensive. By almost any metric (life expectancy at birth or age 65, infant mortality, etc.), our system does not deliver materially better results than other advanced countries' health care systems.

Restraining rising health costs will:

- Dramatically improve federal and state budgetary situations;
- Dramatically improve the cash compensation of working Americans; and
- Substantially improve the international competitiveness of U.S. businesses.

The current health care marketplace is thoroughly broken and bears no resemblance to a normal market. There is virtually no competition on the basis of price and information about quality regarding providers is very difficult to obtain. Neither providers nor consumers have a meaningful incentive to economize, and a third party pays for the decisions made by consumers and providers of health services. In fact, almost all of the incentives in the current system are to spend more money.

The health care system must be changed so that:

- Consumers benefit financially when they economize on health care services;
- Health care providers compete on the basis of price;
- Health care providers compete on the basis of quality and outcomes;
- Health care providers have a substantial incentive to economize; and
- Unwarranted medical malpractice claims or excessive awards are limited.

Through digital prescription writing, individual electronic medical records, and universal physician IDs, technology can reduce unnecessary procedures, reduce medical errors, increase efficiency, and improve the quality of care.

NSBA believes that voluntary state-level health insurance exchanges can play a constructive role by enhancing the competitiveness of insurance markets, improving the purchasing power of small businesses and consumers and improving the flow of information to health insurance buyers.