



Business RoundtableSM

Health Care Costs in America: A Call to Action for Covering the Uninsured

Business Roundtable Principles for Reform

Health & Retirement Task Force



Business Roundtable™

Business Roundtable (www.businessroundtable.org) is an association of chief executive officers of leading U.S. companies with over \$4.5 trillion in annual revenues and more than 10 million employees. Member companies comprise nearly a third of the total value of the U.S. stock market and represent more than 40 percent of all corporate income taxes paid to the federal government. Collectively, they returned more than \$112 billion in dividends to shareholders and the economy in 2005.

Roundtable companies give more than \$7 billion a year in combined charitable contributions, representing nearly 60 percent of total corporate giving. They are technology innovation leaders, with \$90 billion in annual research and development (R&D) spending — nearly half of the total private R&D spending in the U.S.

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I. Introduction

Business Roundtable is an association of chief executive officers whose companies represent more than 10 million employees and provide health care coverage for more than 35 million Americans. Our members have long recognized that rising health care costs affect all individuals, employers and the government — influencing job creation and hurting the nation’s competitiveness in the global economy. Our members consistently name health care costs as the number one cost pressure facing them in their leadership of America’s largest companies. And despite double-digit increases in health care spending, the quality of our health care delivery system is not improving — meaning employers, employees and their families are getting less value out of the health care dollars being spent.

We believe that the complex issues within our health care system should be addressed through a combination of private market reforms and changes in government programs. Through Business Roundtable’s Health and Retirement Task Force, our member CEOs develop and advocate public policy aimed at creating a transformational change in our health care system to ensure that all Americans have access to affordable, quality health care. By making our health care system more efficient, the Roundtable believes that these reforms will increase access while lowering costs.

The principles that follow are at the core of the Health and Retirement Task Force’s efforts to make America’s health care system a better and more affordable one for its workers, families and businesses.

II. Business Roundtable Principles for Reform

Our health care system is in need of transformation. We must ensure that all Americans have *access to affordable, quality health care coverage*. Our success will be measured by the improved health of all Americans. The complexity of the issues facing our health care system demands a combination of private market reforms and changes in government programs. We have the opportunity to transform our health care system by combining the best innovation, technology and research the private market offers with the economies of scale and protection the government offers.

Rising health care costs are affecting America's workers, consumers, employers and government; inhibiting job creation; and hurting our ability to compete in global markets. Health care costs are straining the household incomes of many Americans, leaving them without insurance and adequate health care. Congress must address the issue of the uninsured.

Every American should play an active role in improving the health care system by understanding, choosing and managing their own health care needs. As employers, Business Roundtable members provide health insurance coverage to more than 35 million Americans. We want to and will continue to offer these health benefits to our employees — health insurance coverage is important in recruitment and retention and in having healthy, productive workers — and we will continue to push the private marketplace to improve the delivery of health care services.

At the same time, we believe Congress and the administration must address certain policy issues to accelerate change, open access to coverage and care, and improve health outcomes. A 21st-century health care system should be powered by technology and driven by evidence-based performance and healthy lifestyles. Medical errors; overuse, underuse and inappropriate use of services; and the lack of information on cost and quality must be addressed.

We call on Congress, the administration, states, other business leaders, individuals, and health care providers and plans to help us meet these targets for improvement.

1. The State Children's Health Insurance Program that provides low-income children with access to health insurance coverage should be reauthorized.

- ▶ We urge Congress to continue its support for this program to ensure all low-income children can have access to health insurance coverage. In addition, Congress should evaluate whether this safety net program can provide access to health insurance coverage for other low-income Americans who have no available subsidization and no alternatives to purchase care, such as single adults under 100 percent of the federal poverty line (FPL) and the families of working poor subsidized on a sliding scale basis up to an agreed-upon FPL.

2. Legislative and regulatory barriers that limit public and private health insurance options should be removed to encourage health insurance coverage. Policymakers should determine the best method to subsidize those who are neediest.

- ▶ As a starting point, we urge Congress to preserve the Employee Retirement Income Security Act (ERISA) so there is no disruption to the current employer-based health care system. We believe ERISA provides the necessary framework for employers to offer health care benefits to American workers and their families. Right now, more than 159 million Americans receive health insurance benefits through the workplace.
- ▶ We believe that every individual has two responsibilities: to participate in a wellness, prevention or chronic care program and to have health insurance coverage that, at a minimum, offers catastrophic benefits.
- ▶ We urge Congress to provide low-income individuals and families with assistance in the purchase of health insurance coverage, regardless of their employment status or current eligibility for public programs.

- ▶ We support efforts by policymakers to consider ways to allow early retirees, individuals not associated with a workplace and others to purchase affordable private plans or buy into public programs.

3. *All Americans should have access to a secure, uniform, interoperable health care system that provides administrative and confidential medical information.*

Adoption of a uniform health information system will improve the patient experience and increase positive health outcomes, but it also can realize significant savings.

- ▶ We urge Congress to pass legislation providing standards for secure, uniform, interoperable health care information technology.
 - This legislation should include grants, loans or tax credits for providers to assist in the purchase of interoperable health information technology systems.
 - The legislation also should contain a specific date when all payers and providers would be required to use interoperable systems.

4. *The private sector and government should release information quantifying the critical importance of healthy lifestyles, disease prevention, care management and health promotion programs. Greater incentives should be provided through the tax code or public health programs to individuals and companies that participate in these programs.*

Individuals who engage in healthy lifestyles, participate in efforts to prevent disease and follow the recommended treatment for their chronic conditions can improve their health and reduce their long-term costs.

- ▶ Programs and activities should make use of technological advances and successful behavior change models.
- ▶ Information about diet, exercise or lifestyle changes should be disseminated in the workplace and should include community-based programs as well as interactive, Web-based programs.

- ▶ Programs focused on improving the health of those with chronic conditions by teaching self-management skills and early symptom recognition, like those promoted in chronic care management programs, should be more widely adopted for vulnerable and susceptible populations.
- ▶ Any public- or private-sector limitation that impedes consumer access to these efforts should be eliminated.

5. Every individual in America should have access to cost and quality information about the health care services provided in their communities.

Providing information about the quality and cost of the care, services or supplies empowers individuals and health care purchasers to make wise decisions about health care.

- ▶ We support private and public efforts at the local, state and federal levels to provide every American with information about health care services. This involves a commitment on the part of employers, providers and payers, including government programs, to adopt appropriate performance measures and share data that can be provided to consumers in an actionable format while respecting privacy concerns.
- ▶ This information will help health care consumers make the right decisions for themselves and their families and at the same time improve the quality, safety and outcomes of the care or services provided.

6. Every individual in America should have access to information about comparisons of the effectiveness of all aspects of our health care system.

Individuals need better information to compare the effectiveness of all aspects of our health care delivery system, including health plans, delivery models, medical technologies and treatments. Combined with appropriate medical advice, this information should help Americans become more informed and accountable consumers.

- ▶ Federal programs that research the outcomes and effectiveness of health systems, care delivery models and treatment options, such as the National Institutes of Health and the Agency for Healthcare Research and Quality, should be required to widely disseminate information on the findings so consumers can have access to clear, concise information. This will enable consumers to make choices — such as a health plan, physician, lifestyle change or treatment regimen — that affect the quality and value of care they receive.
- ▶ In addition, we urge Congress to increase federal funding for comparative effectiveness research and use this research in regulatory oversight.

7. Our health care system should promote and reward quality performance and the use of health information technology.

Under current law, Medicare reimbursements are established based on formulas related to prior charges for services. We support phasing in changes to the federal law to permit differentiated payment based on quality, efficiency, outcomes and the use of current health information technology.

- ▶ We believe Congress should phase in changes to federal reimbursement that are based on quality performance and the use of health information technology. Moreover, the government payment system should be leveraged by the consideration, among other tools, of comparative consumer information on price and effectiveness of service.

8. Private plan options should be expanded to permit the offering of consumer-centric health plans that allow greater choices and flexibility in benefit designs.

Current plans that permit consumers to have a greater role in their health care decisionmaking are important health plan options.

- ▶ Although progress has been made in improving the design and use of these plans, we support additional legislative changes to enhance the benefits of these plans by permitting more flexibility in their designs.

9. Tax laws should be fair.

We believe health insurance premium costs should receive comparable tax treatment whether paid through an employer-based setting or through the private marketplace.

10. All Americans should be made aware of end-of-life care options.

As a nation, we need to highlight and educate all Americans on taking an active role in understanding and communicating what services they need and want as they near the end of their lives.

- ▶ Consumer and provider education programs should focus on the need for living wills, power of attorney, and communicating personal desires to family members and hospice.

11. Medical liability laws should be reformed.

- ▶ We urge Congress to authorize pilot projects to evaluate alternative resolutions of medical liability claims, including medical courts, alternative dispute resolution and other efforts. Following these pilots, Congress should enact those that enhance the fair compensation of individuals who are harmed as a result of negligence by a provider of health care services. However, these initiatives also should demonstrate a reduction in “defensive” medical costs.



Business Roundtable™

1717 Rhode Island Avenue, NW
Suite 800
Washington, DC 20036-3023

Telephone 202.872.1260
Facsimile 202.466.3509
Website businessroundtable.org