



Setting ^{THE} record straight

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Skyrocketing costs, funding concerns at center of health-care debate

The business community understands, as do lawmakers from both sides of the aisle and individual citizens – that Pennsylvania must address its health-care concerns. But covering the uninsured -- some of whom it should be pointed out, make a conscious decision not to purchase insurance – is only one of the many problems plaguing the Commonwealth's health-care system. As such, effective solutions involve more than simply expanding state-subsidized coverage. This is where the latest example – the House-passed *Access to Basic Care (ABC)* proposal – misses the mark.

"It's easy to create a government program. It's quite another matter to provide the dollars to support an entirely new effort that could top \$1 billion in costs in a few years. This is a legislative initiative that's all about show, not actually delivering a program with any prospect of passage and of helping people."

■ *Editorial, The Herald Standard*

As with Gov. Ed Rendell's original plan, ABC's potential cost and reliance on potentially unreliable funding sources put in danger its long-term fiscal soundness. Backers of this latest plan are likely underestimating the cost of the program, which would offer two of the most costly coverage mandates – behavioral health services and prescriptions drugs – and be better than most private insurance plans. This level of benefits alone would exacerbate "crowd out" concerns (employers dropping coverage and encouraging employees to sign up for the state insurance program). While supporters say this coverage can be offered for \$311, industry experts believe the cost would be substantially higher.

"This program, fully implemented as it's proposed, is going to require a huge increase in revenues to properly run it and execute it in a fashion that would meet the expectations that are being set forth."

■ *House Minority Leader Sam Smith, R-Jefferson*

The long-term fiscal stability of ABC is also in question because it relies in part on unsustainable revenue sources – new/increased taxes on smokeless tobacco and cigarettes at a time when lawmakers are considering a statewide smoking ban and hoping to reduce tobacco usage – and because the bill language itself is vague about potential future funding sources. If currently identified revenue streams are unable to pay for the program as is anticipated, individual and business taxpayers will be forced to shoulder a significant financial burden down the road.

"If policymakers fail to adequately address the cost drivers of health care...more and more businesses will struggle to provide health care to employees, and lawmakers will be forced back to the drawing board."

■ *Gene Barr, PA Chamber vice president of government and public affairs*

Adding to this concern is that ABC would do nothing to reduce the drivers of health-care costs. The Commonwealth took a positive step last year with enactment of the governor's proposal to reduce medical errors. But that is only the tip of the iceberg, and the fact remains that Pennsylvania cannot resolve its health insurance problem without effectively addressing the drivers of health-care costs. The lack of focus by some in state government on the impact to health-care costs of mandated benefits and lawsuit abuse is frustrating to the business community and others seeking effective health-care reform.

The PA Chamber will continue to advocate for those reforms that its members believe will have the greatest impact on stabilizing health-care costs and health insurance costs. These include the offering of a benefits plan that is free of mandates; meaningful legal reform that addresses the costs imposed on consumers by the practice of defensive medicine; and plans that allow consumers to have greater control over their health-care expenditures.

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The Pennsylvania Chamber of Business and Industry is the state's largest broad-based business association, with its membership representing nearly 50 percent of the private workforce. More information is available on the Chamber's website at www.pachamber.org

