

Rein Costs In or They'll Rein Us In (7/24/09)

Dr. Bob Graboyes, Senior Fellow for Health and Economics
NFIB Research Foundation | 1201 F Street NW, Suite 200 | Washington, DC 20004
202.314.2063 | bob.graboyes@nfib.org | www.NFIB.com/DrBob

Washington Post: Are the Blue Dogs right to worry about the costs of a health-care bill?

The Blue Dogs are right to worry about costs -- it's the No.1 worry for small business. If we don't rein in costs, costs will rein us in. Wages, profits, jobs and governments are sinking under swelling costs. The trend isn't sustainable. If we don't slow the growth, like housing prices, health-care price growth will eventually slow itself on top of our heads. For small business, where problems are most immediate and acute, reform requires better insurance markets and delivery systems.

The small business wish-list includes: Larger risk pools. Functioning insurance markets with competing private insurers. Insurance exchanges expediting transparency and transactions. Voluntary employer defined contributions. Information technology disseminating cost and outcomes information. Affordable benefit design options including consumer-driven health plans.

Small business and others need rational reimbursement and delivery systems to drive costs down. Medicare's fee-for-service structure should be scrapped so payments reward doctors for producing health, not for poking and cutting. Other reforms might include: Comparative effectiveness without government micromanagement. Coordinated care like Mayo or Geisinger. Consumer-friendly venues like Minute Clinics. Drug re-importation. Administrative simplification for providers and consumers.

It is only politically possible to rein in costs if we shed two surreal arguments: (1) Stop arguing that broader benefits (more coverage, more prevention, more technology) will lower costs. There may be lots of reasons to do these things, but they don't tend to cut costs. (2) Stop arguing that mandates to spend money will save money. One line I often hear is: "Force small business to buy insurance or pay massive payroll taxes and this will save small business money." I've seen this logic elsewhere - in emails pleading: "Kind Sir, if you will simply deposit \$12,000 in my bank account, I guarantee my late husband's bank will transfer \$1,200,000 to your account within seven days."