

## HEALTH CARE

Rising health care costs have become a significant fiscal threat to Kentucky's businesses. The health care committee is focused on developing comprehensive, long-term solutions to help slow the growth of health care costs in Kentucky.



### COMMITTEE CHAIR

Robert Slaton,  
Georgetown

## Promoting health and wellness to Kentucky citizens

There is a growing sense of crisis in the business community about the unsustainable upward trend of health care costs, particularly for small businesses. If the present course of the health care system remains unchanged, employers will be increasingly forced to consider such undesirable cost-containment strategies as reducing employee benefits, shifting more and more costs to employees, dropping coverage altogether or increasing consumer prices to recoup their higher costs.

### Support Meaningful Health Care Reform

The Kentucky Chamber supports meaningful health care reform at the national and state levels that will make affordable coverage available to ensure private employers are able to continue to provide health coverage for their employees. Meaningful reforms must include personal accountability and consumerism, incentives to encourage prevention and wellness, expanded availability of affordable, mandate-free health policies, portability of these plans and innovative changes to current public programs that stress results-based managed care.


The Chamber supports the current tax structure, which encourages employer-sponsored care and opposes any change that would add more cost to employees or employers by taxing

health benefits. Health reform should not artificially shift costs to employers by a greater reliance on public plans, which reimburse health providers at artificially low rates, nor should it include new employer mandates that raise the cost of doing business.

### Promote Wellness for all Citizens

Collectively, Kentucky is one of the nation's unhealthiest populations. The Commonwealth consistently ranks at or near the top of the list in smoking rates, obesity levels and a host of other poor health indicators. Naturally, the costs of treating disease and illness in Kentucky have also risen to meet the higher demand for health care services in our state.

To reverse the culture of poor health in Kentucky and promote an underutilized health care



According to the Wellness Council of America, a \$1 investment in wellness programs can save \$3 in health care costs.

cost control measure, the Kentucky Chamber supports legislation that provides incentives for the creation of wellness programs, whereby businesses educate and encourage their employees to engage in healthy lifestyles and other preventive care measures.

The Chamber also supports government programs and policies that help provide education and assistance for companies, organizations and individuals to promote health and wellness throughout Kentucky. These efforts should focus on encouraging a level of personal responsibility for one's health and on a balanced approach that educates children in schools about healthy eating habits and physical activity as a way to avoid the disastrous consequences of childhood obesity. Childhood obesity is particularly troubling because the extra pounds often start kids on the path to health problems that were once confined to adults, such as diabetes, high blood pressure and high cholesterol.

### **Reduce Smoking in the Commonwealth**

According to the U.S. Centers for Disease Control and Prevention, Kentucky leads the nation in the number of adult smokers (28.6%). The situation is not improving with our youth – Kentucky is second in the nation in smoking prevalence among both middle and high school students. Smoking-attributable health expenditures are estimated at more than \$1.1 billion annually in Kentucky, and the smoking-attributable economic productivity loss in Kentucky is estimated at more than \$2 billion each year.

While the Chamber is not typically supportive of policies that focus on a particular business or industry disproportionately, the body of evidence on smoking and its negative impact on public health and the economy are too significant to ignore.

The business community believes it is time for our leaders to change Kentucky's public policies with regard to smoking. The General Assembly should amend the law that treats smoking as a protected civil right and afford private employers the same option that state government utilizes. Employers should have the right to assess higher premiums for smokers, and insurers should have the ability to rate the health care for smokers differently from non-smokers based on actuarial data. This will encourage employers to offer tools to help employees quit. Additionally, educating children and the public on the health hazards of smoking and second-hand smoke should be a priority, and public policies that discourage smoking should be adopted.

### **Increase the Number of Health Care Professionals in Kentucky**

Many areas of Kentucky are underserved by health care professionals – contributing to poor access and higher medical costs for Kentucky's citizens. More than two-thirds of Kentucky's 120 counties have been officially designated as health professional shortage areas (HPSA) for primary care by the Health Resources and Services Administration (HRSA). In addition, Kentucky lacks suffi-



**Although an estimated 285,000 Kentucky Medicaid recipients are smokers, Kentucky is one of only five states that do provide a comprehensive smoking cessation program as part of the Medicaid program.**



**Annually, Medicaid and Medicare costs exceed \$1.2 billion for treatment of Kentuckians suffering smoking-related diseases and conditions.**

Cabinet for Health and Family Services

cient numbers of physician specialists, nurses, pharmacists, dentists, mental health professionals and allied health personnel. This lack of skilled professionals contributes to fewer regular check-ups, poorer health, and higher costs to the medical system over the long term. Kentucky's aging population makes this a particularly critical issue.

To help reverse this disturbing trend, the Kentucky Chamber supports a comprehensive state strategy to increase the number of medical professionals trained in Kentucky as well as innovative approaches to encourage them to practice here. This strategy should ensure that our postsecondary education institutions providing medical training are adequately funded, held accountable for increasing enrollment and encouraged to explore the development of economic incentives as well as expanded tuition assistance and loan repayment programs that would include a requirement to practice in Kentucky for a set period of time. Additional incentives should be available for underserved counties and regions based on the particular need of each area. As is the case for higher education, lack of affordable training should not be a deterrent for talented students to enter the medical profession.

**Promote Informed Consumerism**

Consumers need access to information about the cost of health care and the quality of services provided to make informed and cost-con-

scious choices when selecting a health care provider. The Kentucky General Assembly made great strides in 2008 by passing the Chamber-led transparency initiative, which requires the Cabinet for Health and Family Services to launch a transparency program that makes permanent the reporting to consumers of health care costs, quality indicators and results.

Without this effort, such information is almost entirely absent from today's health care marketplace, preventing Kentuckians from making informed choices when they purchase health care services. Over time, making this comprehensive information easily available to consumers may serve to contain increases in health care spending by government, businesses and individuals. Only when consumers know the price and value of health care services will they be empowered to make the best possible choices for themselves and their families.

**Improve the Medical Liability Climate**

The rising costs associated with medical malpractice liability are taking a significant financial toll on the health care industry, resulting in increased costs for consumers and a continued inability to attract and retain sufficient numbers of physicians in all regions of the Commonwealth. The high price of liability insurance and the lack of reasonable tort limitations in Kentucky have contributed to the shortage of medical professionals.

To curb this disturbing trend, the Kentucky



Chamber supports allowing Kentuckians to vote on a constitutional amendment that would permit the legislature to consider comprehensive tort reform. State and federal lawmakers should pass reasonable limits on damages and require alternative dispute resolution to help reduce escalating malpractice insurance premiums and the resulting burden passed on to consumers in the form of higher prices, fewer health care providers and fewer choices.

### Promote eHealth Policies

A number of preventable medical errors and duplication of services could be reduced significantly with the implementation of policies that encourage the use of secure electronic medical records that can be accessed by all of an individual's health care providers. This, along with electronic prescribing, can reduce duplication, improve delivery of services and save lives.

### Expand Mandate-Free Health Insurance

Because health care man- small business dates and unnecessary regulations can add to the already high cost that consumers and employers pay for health insurance, the Kentucky Chamber supports legislation that repeals coverage requirements – beyond those the federal government has implemented, for all employers, not just those with 50 or fewer employees. With the cost of health insurance already creating a competitive disadvantage for many businesses, extending these mandate-free policies will allow more employers to provide health benefits to their employees.

### Promote Competition in the Health Insurance Market

Attracting more insurers to Kentucky is a practical and realistic means of controlling escalating costs and providing greater access to health insurance. The Kentucky Chamber calls on state government to enhance competition in the health insurance market through further deregulation of the insurance industry or any other reasonable means.

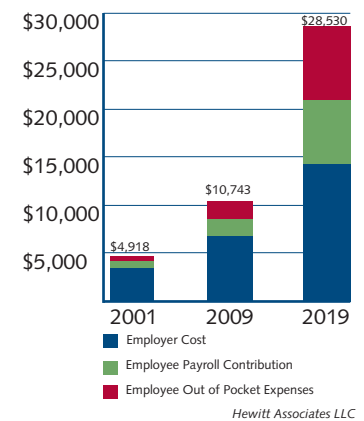
### Oppose Any Willing Provider (AWP)

The Kentucky Chamber opposes Any Willing Provider provisions and supports the right of health insurance companies to negotiate exclusive contracts with health care service and product providers that offer discounted costs to consumers.

### Long-Term Care

With the significant aging of the population, it is increasingly important for policy-makers to adopt strategies to meet the medical needs of aging individuals. The Chamber supports initiatives that provide greater incentives for individuals and/or employers to purchase long-term care insurance policies. Additionally, the Chamber encourages policy-makers to concentrate elder care resources on case management to ensure that people's needs are matched with the most appropriate care. The Chamber also believes artificial barriers to home and community-based services should be eliminated in an effort to prevent premature institutional care.

### THE EXPLODING COST OF HEALTH COVERAGE



**Without significant marketplace reforms, if current trends continue, annual health care costs for employers will rise 166% over the next decade, from \$10,743 per employee today to \$28,530 by 2019.**