



Develop a Manageable Health Care System

The Kentucky Chamber believes dramatic change in the delivery and utilization of health care is essential to our economic future and strongly supports initiatives that educate Kentuckians and encourage healthy lifestyles.

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

The impact of health costs on Kentucky's economic competitiveness is of great concern. Though these systemic issues are not unique to the Commonwealth, negative national trends are made worse in Kentucky by our behavior as a population. The poor overall health of Kentuckians, the high number of individuals who are uninsured, limited access to care in many regions of the state, and the lack of high-quality preventive medical care for many all contribute to higher health costs in the Commonwealth. A recent study by the Kentucky Institute of Medicine reinforces the need to address these critical health issues to improve the overall economy in Kentucky.

State policymakers should endeavor to seek out health care and insurance policy innovations, basing their analysis, in part,

on whether such plans will encourage market-driven solutions for controlling costs and fostering competition. The Chamber is committed to building coalitions as well as advocating for change in Frankfort to achieve the goal of a healthier and wealthier Kentucky.

Promote Wellness for all Kentucky Citizens

Collectively, Kentucky is one of the nation's most unhealthy 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



The average debt of a medical school graduate is over \$100,000 in Kentucky. Absent scholarship assistance, the prospect of mounting six-figure debt seems most likely to deter applicants from rural, minority, and otherwise underrepresented populations.

Kentucky Institute of Medicine

Smoking-attributable health expenditures are estimated at over \$1.1 billion annually in Kentucky, and the smoking-attributable economic productivity loss in Kentucky is estimated at over \$2 billion each year.

U.S. Centers for Disease Control

health care cost control measure, the Kentucky Chamber supports legislation that provides incentives for creating wellness programs, whereby businesses educate their employees about the importance of 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 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. Center for Disease Control, Kentucky leads the nation in the number of adult smokers, with 28.6% of the adult population. 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's time for our leaders to change Kentucky's public policies with regard to smoking. First, the General Assembly should amend the law that treats smoking as a protected civil right. This law applies to private employers, although state government is exempt from the law. 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. We need to recognize that smoking is a choice and encourage employers to offer tools to help employees quit. Currently, the law provides a significant disincentive for employers to provide this help for fear of litigation.

Second, the General Assembly should increase Kentucky's excise tax on cigarettes to a level competitive with our surrounding states as a meaningful step to improve the overall public health of Kentucky's citizens.

Finally, the Chamber supports educating children and the public on the health



hazards of smoking and second-hand smoke and is supportive of policies that discourage smoking.

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 sufficient 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 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 Health Care Consumerism

To make informed and cost-conscious choices when selecting a health care provider, consumers need access to information about the cost of health care and the quality of services provided. The Kentucky General Assembly made great strides in 2008 by passing the Chamber-led transparency initiative. House Bill 44 requires the Cabinet for Health and Family Services to launch a transparency initiative that makes permanent the reporting to consumers of health care costs, quality indicators and results. Examples of the kind of information that could be provided to consumers include hospital and surgical mortality and morbidity rates, physician compliance with chronic disease management, and provider charges and reimbursements. This concept, also known as health care transparency or consumerism, should involve the use of standardized performance measures and outcome reports that are easy to understand.

Chronic diseases, which account for 70% of Kentucky’s total mortality and are among the most prevalent and costly of all health problems, are highly preventable through improvements in personal behaviors and regular primary health care.

U.S. Centers for Disease Control

Without this effort, such information is almost entirely absent from today's health care marketplace, which prevents 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 Kentucky's 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 voters to consider a constitutional amendment that would permit the legislature to consider comprehensive tort reform. Reasonable limits on damages and mandatory alternative dispute resolution could then be considered by future legislatures 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 e-Health Policies in the Commonwealth

A number of preventable medical errors and duplicated services could be reduced significantly by implementing policies to 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

Kentucky has made great progress in recent years toward reversing the trend of costly health care mandates. The Chamber supports continued efforts to eliminate those mandates that serve to increase overall costs to the health care delivery system. The Small Business Health Insurance Relief Act, 2005 House Bill 278, authorized health insurers to offer basic health benefit plans in the association, small group (50 or fewer employees) and individual markets. Appropriately, basic benefit plans are exempt from state coverage mandates except for diabetes, hospice and chiropractor coverage.

Because health care mandates 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.