

Making the Case for Health Reform

Health care reform is a vital component for improving the stability of the U.S. economy. Health care spending has tripled over the past 20 years as more businesses and individuals struggle to afford health coverage and medical care. Health care expenditures, currently 16 percent of the gross domestic product (GDP), have the potential to grow to 25 percent of GDP by 2025.¹ On the other hand, the prevention and treatment of disease have increased life expectancy, allowing individuals to live and work longer. Economic estimates suggest a one-year increase in longevity across the U.S. leads to a 4 percent increase in GDP.²

Accessing prevention and treatment becomes more difficult as health costs increase, even among those with insurance. In the U.S.:

- Insurance premiums have increased between 5 and 14 percent per year; at the same time wages have only increased 2 to 4 percent per year.³
- Employer-sponsored insurance premiums for family coverage have risen 100 percent since 2000.^{4,5} Also, the employee share of a family premium has increased 100 percent over the same time.⁶
- Almost 1 in 5 nonelderly individuals spend more than 10 percent of their income on out-of-pocket medical expenses.^{7,8}
- In 2005, about 29 million people had medical debt (70% had insurance when the debt was incurred).⁹

Businesses are a primary source of health insurance in the United States. In 2008, 63 percent of employers offered health benefits.¹⁰ Businesses provided health insurance for almost 60 percent of Americans, including 3.5 million Missourians.¹¹ More than 95 percent of large employers (those with 200 or more employees) provided health coverage for their employees in 2008, compared to 49 percent of businesses with fewer than 10 employees.¹²

Small businesses have more difficulty providing coverage to their employees compared to large employers. An estimated 27 million uninsured individuals work for small businesses.¹³ Small firms cite high premiums as the reason they do not provide health coverage and are more likely than larger firms to provide plans with annual deductibles of \$1,000 or more.^{14,15}

How Does Health Coverage, or the Lack of It, Affect Businesses?

A study by the Commonwealth Fund estimates that 69 million workers missed a total of 407 million days of work due to illness resulting in an economic output loss of \$48 billion. Another 55 million workers were affected by presenteeism (i.e., when workers are present but not productive due to a health-related impairment). This results in an additional 478 million days of lost work and \$27 billion in lost productivity.¹⁶ In Missouri about 1,300 days of work are missed per year per 1,000 employed persons due to asthma, diabetes, and hypertension. This has a projected economic impact of \$685 million per year in the state.¹⁷

All businesses have a certain amount of absenteeism and presenteeism, regardless of whether health insurance is offered. However, employees who have health insurance experience fewer sick days and shorter periods of illness.¹⁸ Insured individuals are also more likely than the uninsured to have access to preventive care and to have more resources to manage a chronic condition.

Expanding health coverage and promoting health will not only reduce some of these productivity losses, but will also reduce overall costs for employers:

- Employers that offer health coverage have a lower turnover rate which reduces hiring and training costs.¹⁹
- Several studies indicate that investment in wellness programs increases productivity.²⁰
- An estimated \$14.1 billion is shifted to the insured through higher premiums to cover the cost of uncompensated care.²¹ If more people had health coverage, there would be less uncompensated care.

According to the U.S. Census Bureau, there are 379,000 working age Missourians who are employed and uninsured.²² Nationally, the number of people covered through employer-sponsored insurance decreased approximately 5 percent between 2000 and 2007.²³ This decrease resulted from fewer businesses offering health coverage as well as a decline in the number of employees enrolling in coverage (either because of cost or because they were able to access insurance through a spouse's plan).²⁴ A survey of small businesses found that over one-third (36%) are likely to stop providing health coverage in the future.²⁵

In order to ensure that businesses remain competitive, transformation of the health care system must occur. Key reform components that impact employers and their workforce include containing health care costs, ensuring access to preventive care, and coverage for the 37 million uninsured Americans from working families. As health care reform advances, ideas and concerns related to this issue must be clearly and candidly discussed.

How Can You Get Engaged in Health Care Reform?

Policymakers at the local, state, and federal levels must hear from their constituents that health care reform impacts both the health and the economy of the nation. Contact your local business group, state legislators, or go to healthreform.gov. Tell them about your experiences with health care coverage.

Learn more about health care in Missouri and reform options by visiting covermissouri.org, and sign up to receive bulletins with the latest health coverage news.

Endnotes

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