

NSBA SMALL BUSINESS HEALTH CARE REFORM

SUMMARY

1. Fair Sharing of Costs

The current health care system creates great inequities in how health care coverage is obtained and paid for. These inequities have profoundly negative consequences for small businesses and their employees. NSBA would create a fair playing field by implementing the following elements:

Individual Responsibility: All individuals would be required to obtain coverage. Such a step requires healthy and sick individuals alike to be in insurance pools and allows spreading of risk.

Uncompensated care would be dramatically reduced. Such care is currently funded through cost-shifting to the insured population.

Insurance Reform: The required benefit package would be subject to federal insurance standards, which would limit the ability of insurance companies to charge radically-different prices to different populations and would eliminate the ability of insurers to deny or price coverage based upon health conditions.

Subsidies for Low-Income: Individuals and families would receive federal financial assistance for health premiums, based upon income. The subsidies would be borne by society-at-large, rather than in the arbitrary way that cost-shifting currently allocates these expenses.

2. Empowerment and Focus on Individual

The current private insurance market focuses almost entirely on the provision of third-party coverage through employers. This system has two significant downsides for small businesses. The focus on third-party payment for all health care expenses eliminates any consumer involvement, causing both prices and utilization to go unchecked. The employer focus means that the system often utterly fails employees (often from small businesses) whose employers are unable to provide coverage. In addition to the steps outline above, the NSBA proposal address these problems by:

Creating a Truly Basic Benefit Package: The package would include only truly necessary benefits and would recognize the need for higher deductibles for those able to afford them. The shape of the package would help return health insurance to its role as a financial backstop, rather than a reimbursement mechanism for all expenses. More robust consumer behavior will follow.

Reshaping Health Insurance Tax Incentives: The tax preferences for health insurance would match, whether purchased through an employer or individually. However, these tax preferences would also be capped at the premium level for the required package. Additional coverage would be purchased with after-tax dollars. This step would both reduce the incentives for over-insurance and for employees to demand additional health benefits over other forms of compensation.

3. Reducing Costs While Improving Quality

Too often the current third-party payment system financially rewards providers for unnecessary and—worse—bad care. Beyond the benefits that consumerism can bring, more must be done to improve both quality and keep costs in check:

Electronic Records and Procedures: From digital prescription writing to individual electronic medical records to universal physician IDs, technology can reduce unnecessary procedures, increase efficiency, and improve the quality of care.

Pay-for-Performance: Insurers should follow the lead of CMS and Medicare and reimburse based upon actual health outcomes and standards, rather than procedures. Evidence-based indicators and protocols should be developed to help insurers hold providers accountable. These protocols—if followed-- should also provide a level of provider defense against malpractice claims.