

Easing the health insurance burden

By David Oscar

HEALTH INSURANCE is too expensive. According to the report released last month by the New Jersey Business and Industry Association, health insurance costs for New Jersey employers rose 11.3 percent in 2006 -- averaging a staggering \$7,651 per covered employee. This increase is especially tough on small employers. Among those with two to 19 employees, 82 percent offer health insurance, down from 92 percent in 2003, the report revealed.

These soaring costs contribute to the staggering number of uninsured people in New Jersey -- 1.4 million, which probably includes tens of thousands in Bergen and Passaic counties.

We've got to do something, or health care costs will continue to climb to a point where most people and businesses can't afford it.

But we shouldn't overreact and overhaul the entire system by mandating coverage for everyone, as suggested by legislators that include some Bergen County Democrats. A message to legislators considering universal coverage: It won't work, and it could cripple the state's already overburdened budget -- which includes a \$600 million annual bill to cover uninsured residents.

Another part of the proposed overhaul -- forcing businesses to offer health insurance and penalizing those who don't -- also makes no sense. Many of my clients, including small businesses of many types in Bergen County, have told me that if they were forced to offer health insurance to workers, they would probably lay off employees or consider closing their doors.

If we keep making it even more difficult for employers to do business in New Jersey, many will leave. Some large firms would leave for greener pastures and less government interference, and some small firms would find states with a lower cost of doing business. Many already have. And that means more people unemployed and with less access to affordable health care.

Offer incentives

Instead of punishing employers, offer them incentives for providing health coverage, like legitimate tax credits and subsidies. And offer refundable tax credits to people who purchase coverage through the individual market or through employer-based health insurance. After several years of trying, Congress has been unable to pass this type of legislation. We encourage state legislators to take on this issue and introduce such a bill.

The state also needs to boost enrollment and participation among those who are already eligible for state-subsidized plans. That means educating people on how to enroll and empowering employers to enroll uninsured workers with additional tax credits and

incentives. Otherwise, too many of those eligible will never come forward, and will continue to use our hospitals' emergency room doctors as their primary-care physicians.

Another problem is the rising number of mandated benefits that add to the cost of health insurance. Last December, the state Senate passed a bill that would further extend medical coverage for the treatment of mental illness and substance abuse. If enacted, this legislation would force insurance carriers to cover non-biologically based mental illness under the same terms as any other sickness under the policy. Biologically based mental illness is already covered this way.

According to the actuarial firm of Millman & Robertson, mental health parity requirements could add up to \$350 a year to the cost of a health insurance policy. Other research shows there are more than 1,800 benefit mandates in existence, and various studies indicate they have caused health insurance premiums to increase as much as 25 percent.

Several other factors cause health insurance costs to soar, including the departure of physicians from health networks due to inadequate insurance company payments, rising malpractice premiums and soaring prescription drug costs.

Study others

Since other states like Vermont, Maine and Massachusetts have introduced various forms of universal health care, we should study what's working there, and what isn't working there. But before we adopt what they're doing, let's first remember that New Jersey has almost double the number of uninsured residents of those three states combined.

To bring about solutions -- or at least progress -- elected officials, business and consumer groups, the insurance industry and other parties need to work together to develop practical solutions. Then we can begin to make a difference.

David Oscar is president of the North Jersey Chapter of the New Jersey Association of Health Underwriters (www.njahu.org), a statewide consumer advocacy organization comprising professionals in the health insurance industry.