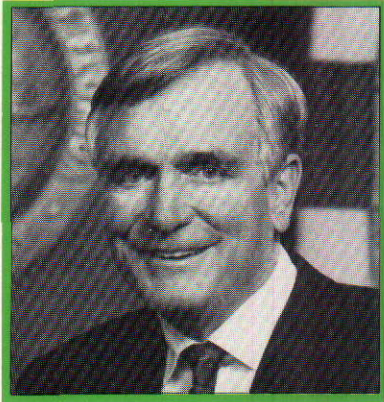


# EMPLOYER ADVOCATE

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## Why Reform Health Care? It's Simple, Folks



by Florida Gov. Lawton Chiles

America spent 9.1 percent of its gross domestic product (GDP) on health care in 1980. By the year 2000 health care costs are projected to eat up 16.4 percent of our GDP. Why reform our health care system? As Ross Perot would say, "It's simple, folks."

In her new book, "Reviving the American Dream," Alice Rivlin estimates that the United States would save \$4 trillion between now and 2000 if we could simply hold increases in health care costs to the same percentage of GDP as that of our competitors like Germany and Japan.

In Florida alone, we estimate savings of \$131 billion over a 10-year period if we just keep the state's health spending as a percentage of gross state product (GSP) constant. Left unchecked, the state's health care bills will triple from \$31.4 billion in 1990 to more than \$90 billion at the turn of the century.

What kind of return does the United States get on this \$4 trillion "health care tax"? Not much when measured against

Germany and Japan where access to health care is guaranteed for all citizens. By contrast, 37 million Americans are without health insurance today, including 2.5 million Floridians.

Imagine how we could put that \$4 trillion tax to better use: Eliminating the national debt? Rebuilding our infrastructure? Improving our schools? Protecting the environment? Take your pick. It's that simple, folks.

The health care tax has been particularly cruel to businesses and their employees. In 1984 the average health care cost per employee was \$1,645. Seven years later, in 1991, that figure had more than doubled to \$3,605. In many ways, companies that provide health benefits are at a competitive disadvantage with those that don't. Skyrocketing costs are taking a bigger bite out of the bottom line and causing profits to erode.

I once subscribed to the school of thought that access to health care for our citizens could not be provided without *Please see Chiles, page 4.*

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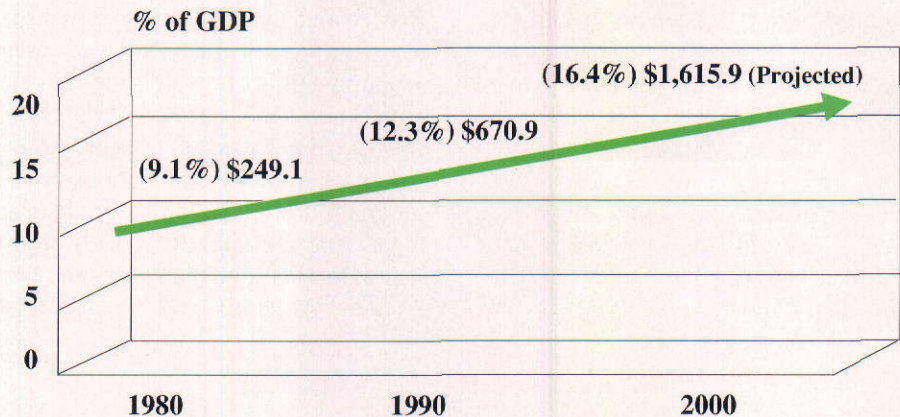
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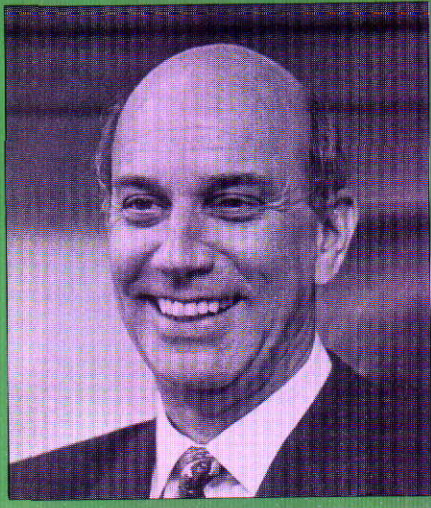
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U.S. Health Care Spending as a Percentage of GDP (In Billions)



## President's Message



# This Time: Health Care Reform

by Jon L. Shebel, President and Chief Executive Officer, Associated Industries of Florida

*In 1947, Secretary of State George Marshall traveled to Moscow to discuss terms for the future of occupied Germany. Frustrated with the lack of progress, he paid a call on Joseph Stalin. Showing little interest in the negotiations, Stalin sketched wolves' heads with a red pencil as he told Marshall, "We may agree the next time, or if not then, maybe the time after."*

On a large scale, the health care crisis we face today may not weigh as heavily as the international conflicts spawned in post-war Germany, but it is a serious situation that strikes at the well-being of our state and nation. Past attempts to mediate an end to the crisis have run up against smokescreens and stalling maneuvers. Every year business said "maybe next time."

This time "next time" is now. The bargaining process has begun, propelled by Gov. Chiles and the Legislature who have forced the matter to the table. The Health Care Reform Act of 1992 sets the

framework to guarantee coverage for all Floridians, while putting the reins to the runaway costs of health care. The law sets a deadline of Dec. 31, 1994, to get all Floridians covered by some type of health insurance. The question remaining is not will we do it, but how will we do it.

The debate centers on cost and access. Some claim the first step to controlling costs is to extend coverage to everyone who does not have it. There is a small glimmer of legitimacy to that argument. Currently 2.5 million Floridians, 18 percent of the state's population, have no health insurance. Uninsured citizens are forced to seek treatment at emergency centers or neglect their health problems until their conditions become serious. Either way, the treatment they do receive is unnecessarily expensive. With some form of health insurance, these people will be able to reduce the cost of their care while improving its quality. Nevertheless, this represents just a part of the expenditure equation.

The crux of the solution has to be the issue of cost. Medical expenses are growing at a rapid clip, more than double the rate of inflation that applies to other items on the balance sheet. The increased cost and subsequent unavailability of health insurance is directly linked to the spiralling cost of medical care. Unless that spiral evens out, Florida will not be able to bear the expense of guaranteed access to health care.

Undoubtedly, the state will toy with the idea of a Canadian-style universal access plan, funded by some kind of payroll tax, but that option will be little more than a bargaining ploy. Hawaii is the only state in the nation with a universal plan; its model will not work in Florida. Hawaii is a small, isolated state, both in terms of geography and population. Tourism and sugar cane farming are its only significant industries, and the sugar cane farmers are virtually untaxed. Visitors to the

island paradise foot all the bills, including medical.

If there is a prototype in America that Florida can follow, look to Oregon (see related article, page 6). That state assembled a consortium of consumers and providers, along with business, labor and insurance company representatives to analyze its health care system and then clarify public policy. The Oregon plan includes a structure for rationing of care. Those very words, "rationing of care," always set off a firestorm of conflict, but any effort to control the costs of health care must include a reasonable approach

to allocation of limited resources.

With this edition of *Employer Advocate*, we hope to define and explain some of the facets of this complicated problem. There is not one easy solution. The medical profession must agree to accept reasonable economic restrictions. Government must allow insurance carriers the leeway to develop affordable health insurance policies. Insurance

companies must cooperate with business in the pricing of these policies. Business then has the responsibility to seek out the insurance options it can afford so that we can bring more and more Floridians under the tent of health care coverage. And each of us, in our role of consumer, must decide to pursue preventive measures to keep ourselves healthy.

Beginning in January, insurance companies will be able to offer economical health insurance packages to employer groups with three to 25 employees. I urge qualified employers to contact their insurance representatives about the availability of these packages. By doing so, we can demonstrate the willingness of the business community to cooperate in the health care reform movement.

That movement will succeed if all the parties make a commitment to the kind of candid and meaningful compromise that forges lasting solutions.

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