

The emerging business case for health care reform

Reno Gazette-Journal / RGJ.COM

Tuesday, May 19, 2009

“Chronic disease saps our health and economic well-being, placing an unsustainable burden on our nation and future. Chronic disease impacts every aspect of our lives, from our children’s ability to learn, to our nation’s ability to compete in the global market, from our economic ability to our national security.”

Richard Carmona, MD, MPH, 17th Surgeon General of the US (2002-2006) and
Chairperson, Partnership to Fight Chronic Disease

Two of the more interesting developments associated with the recent return of health care reform to the national policy agenda have been the emerging business case for reform and the economic argument for chronic disease prevention.

Buoyed in no small part by the current economic recession, business leaders are beginning to join longstanding reform advocates in their efforts to address the inefficiency, uneven effectiveness, and inequity of health care in America.

Above all, the business case for reform rests on a desire to reduce health care costs or more realistically reign in their increase.

For example, in 2005, Starbucks determined that it was spending more on health insurance for its employees than coffee beans. Earlier this year, rather than cutting those benefits, Starbucks announced it would lay off 6,000 employees and close 300 stores including some outlets in Reno and northern Nevada.

Similarly, General Motors, Ford, and Chrysler spend more on employee health expenses than the steel used to make cars. In 2004, GM calculated that the cost of providing health insurance to its workers added \$1,500 to the cost of each of the 4.65 million vehicles GM sold – a figure that was \$600 more than its foreign competitors paid.

In general, as a percentage of payroll, the employer cost of health benefits in the US has exploded over the past few decades. It is thus not surprising that business leaders are expressing their concern that rising health care costs threaten US competitiveness in the global economy.

A related development has been the emerging economic argument for chronic disease prevention.

A recent publication prepared by the Partnership to Fight Chronic Disease, “2009 Almanac of Chronic Disease: The Impact of Chronic Disease on US Health and Prosperity,” reflects the business community’s growing alarm about the high rates of chronic disease in the US and the contribution of chronic illness to unsustainable health care expenditures.

The Partnership’s report also emphasizes the need to make the prevention of chronic disease a key focus of both health and economic reform.

Presently, chronic illnesses – ongoing, incurable illnesses or conditions such as heart disease, asthma, cancer, and diabetes – are responsible for seven out of every ten deaths each year in the US and account for eight of the top ten causes of death in Nevada.

While the increase in chronic disease and associated rise in health care costs are making it more difficult for businesses to provide coverage to their employees, the rising prevalence of chronic disease also makes for a less productive workforce, including higher levels of absenteeism or work missed due to sick days and “presenteeism” or lost productivity that occurs when employees come to work but perform below par due to any kind of illness.

I don’t want to exaggerate the business community’s enthusiasm for health reform. After all, the primary purpose of most corporations is not to provide health insurance or benefits for its employees, but to generate a profit and, in the case of the Starbucks and GMs of the world, to please shareholders. I am also a bit skeptical of their epiphany on the economic value of prevention, since public health researchers have been documenting the dollar value of return on investments in prevention for over a decade.

Nonetheless, the fate of current reform efforts will be decided in no small part on the support of the business community and growing evidence suggests an emerging consensus among business leaders on the need, if not necessity, for comprehensive reform.

The opponents of health care reform are formidable and a century of failed reform efforts still make for long odds on the likelihood of wide-ranging reform that provides insurance coverage to all Americans and effective restraints on runaway health care costs. Those odds will only improve, though, as business recognizes the untenable connection between the status quo and their bottom line.

Additional information on the Partnership to Fight Chronic Disease and their 2009 report on chronic disease can be found at www.fightchronicdisease.org.

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