

The National Association of Health Underwriters (NAHU), a professional trade association representing more than 20,000 health insurance agents, brokers and employee benefit specialists nationally, is extremely concerned about how rising health care costs are impacting health insurance coverage in this country. NAHU serves millions of Americans by working to help individuals and employers purchase and maintain health insurance coverage. As such, we see on a daily basis how much the cost of health insurance coverage is impacting our nation's employers and economic growth, and we know the cost of financing health care will continue to rise if the driving medical care cost factors remain unchecked.

The dramatic rise of health care costs is a national problem. It affects everyone. The Centers for Medicare and Medicaid Services project health care spending will double over the next 10 years. As medical care costs continue to soar, so does the cost of providing the health benefits to cover those expenses.

Like the problem of the uninsured, there is neither one cause nor one solution to containing the rising cost of health insurance. Health insurance is expensive because of the high cost of medical care. The factors impacting the cost of medical care require comprehensive solutions in order to achieve a "healthy" system where Americans have access to affordable and high-quality health care.

We believe there is not a single answer to the problems of the uninsured and rising health care costs. A multifaceted approach will be required because the American population is very diverse and no one solution will fit the needs of all of our citizens. However, we believe that any attempt to provide Americans with access to health coverage should preserve the private health insurance market. Other countries have experimented with government-run health care systems, and this has resulted in high-cost, lower-quality rationed care.

Implementation of the initiatives set forth in Healthy Access will result in comprehensive reforms, making health insurance coverage affordable and accessible to everyone without destroying a system that works extremely well for the vast majority of consumers.

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**Healthy
Access
PLAN**



Responsible



Accessible

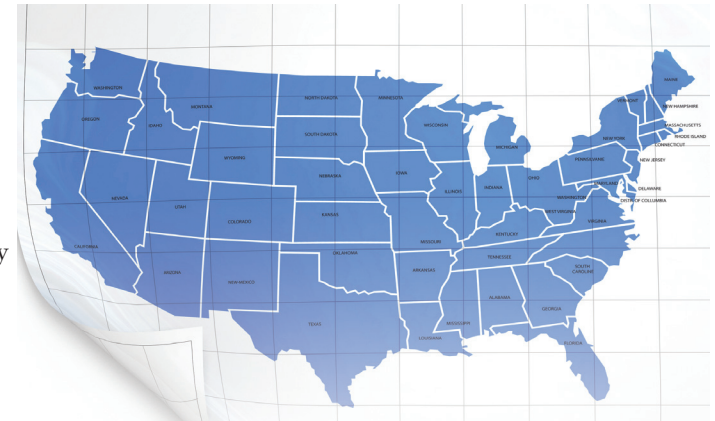


Affordable



**Americans deserve a system that is responsible, accessible and affordable.
This system should boost the health of our people and of our country's economy.
Americans also deserve a system that is realistic.**

NAHU believes competitive market forces will have the greatest positive impact on the cost of health care. Health care reforms need to build on the best aspects of the American health care system and unleash the creative power of a competitively driven marketplace. We need to make improvements in the U.S. health care system to lower costs, improve quality, create greater efficiency and provide better access to care.



Healthy Access is NAHU's road map to reform and expanded health insurance coverage in America. The following proposals set forth a series of policy recommendations building on choice and the strengths of our private health care system:

Behavior and Lifestyles Recommendations



Unhealthy behavior and lifestyle choices are two key factors in the increased cost of health care. Research shows that behavior is the most significant determinant of health status, with as much as 50 percent of health care costs attributable to individual behaviors such as smoking, alcohol abuse and obesity.

SOLUTION:

Require federal and state governments to incorporate wellness and disease-management programs into employee medical programs and provide employers with tax and premium incentives for wellness programs.

System Inefficiencies Recommendations



Duplication and overuse of procedures in situations where they add little value, increases medical spending unnecessarily. Both patients and providers should focus on identifying less expensive but equally effective alternatives.

SOLUTIONS:

- **Provide incentives for doctors and medical facilities to improve system efficiencies and eliminate errors with pay-for-performance, best-practice guidelines and support for evidence-based medicine.**
- **Create federal standards for electronic medical record technology to help unify the health care system, reduce errors and improve patient satisfaction.**
- **Enact comprehensive medical malpractice reform that limits non-economic damage awards, allocates damages in proportion to degree of fault, and places reasonable limits on punitive damages and attorney fees.**

Cost-Shifting Recommendations



When one group pays less for services, another group pays more to make up the difference. The biggest contributors to cost-shifting are Medicare, Medicaid and providing medical care to the uninsured. These programs provide a safety net for many who cannot afford private health insurance.

SOLUTION:

Reimburse providers participating in all federal health care coverage programs, including Medicaid, Medicare and SCHIP, at the same level paid to providers serving federal employees through the Federal Employees Health Benefit Plan.

Reducing Utilization Recommendations



Utilization of health care services is increasing. Because we have insurance benefits to help pay for our health care, most Americans never know the full cost of their medical care. Americans need to be more engaged as consumers because informed shoppers are more efficient consumers, and efficient consumers spend less money.

SOLUTIONS:

- **Encourage expansion of consumer-directed health insurance products, like Health Savings Accounts, Health Reimbursement Arrangements and Flexible Spending Accounts.**
- **Make consumers fully aware of the cost of the health care that they are purchasing by enabling and encouraging health plans and providers to provide greater price transparency.**

Guaranteed Access to Health Insurance

Coverage in Every State

All Americans should have access to affordable health care coverage. As important as affordability, however, is choice. There needs to be choice of providers, choice of payers and choice of benefits, with many price and coverage options.

SOLUTIONS:

- **Require all states to have at least one private guaranteed purchasing option for all individual health insurance market consumers.**
- **Provide seed grants to states creating high-risk pools.**
- **Subsidies should be made available to low-income individuals who otherwise cannot afford coverage.**

Tax Equity Recommendations

The vast majority of privately insured Americans receive their health insurance coverage through their employer or the employer of their spouse or parent. NAHU strongly supports employers contributing toward the cost of their employees' health insurance coverage and we believe the preservation of the federal employer tax deduction and employee exclusion is critical. However, the employer-sponsored health insurance system doesn't work for everyone. The availability of employer-based coverage has declined in recent years as costs have increased.

SOLUTION:

Equalize tax deductions so that individuals and the self-employed have the same deduction that corporations have for providing health insurance coverage for their employees, while still providing the federal income tax exclusion for individuals happily insured under group health insurance plans.