THE BUSINESS PERSPECTIVE:

A Prescription For Reform

Following his re-election in November, Gov. Arnold Schwarzenegger pledged to make 2007 the year of health care reform. Skyrocketing costs compounded by 6.7 million uninsured Californians make this one of the most important and complicated issues facing the state today. Bipartisan cooperation is the only avenue to reduce or eliminate the number of uninsured and at the same time reduce the growing financial burden on employers and employees.

The Chamber has long advocated for lawmakers to pass comprehensive health care reform to cover more Californians and increase access to preventive care. Comprehensive reform must include input from all stakeholders and it will require a willingness on the part of all of us to share in the pain of making this happen. I am reminded of the coach’s adage, “No pain means no gain.” Every interest group will feel some pain in any successful long-term solution. Our goals should be to reduce overall costs, spread the financial burden, and improve both the quality and delivery of care, not simply find someone else to pay the bills.

Last week, Senate President Pro Tem Don Perata introduced his plan aimed at expanding the employer mandate. Employers would provide insurance directly to their workers or contribute directly to a state-run pool which would administer coverage. The Chamber applauds his engagement on the issue. But we have been down this road before with SB 2, which voters overturned in a ballot initiative a few years ago.

A new employer mandate would be back-breaking for thousands of financially-strapped small businesses and it would limit the ability of many California businesses to compete in the global market. Double-digit premium increases are already smothering businesses, forcing many to either limit benefits or cut jobs. In a Wall Street Journal op-ed last summer, Andy Stern, president of the Service Employees International Union, wrote that “the employer-based system of health coverage is over…the system is collapsing, crushed by out-of-control costs, a revolutionary global economy and masses of uninsured.”

Effective reform requires us to move beyond traditional notions of an employer-based mandate. Gov. Schwarzenegger has indicated that his proposal would focus on sharing the burden. This is encouraging news and we hope that his formal proposal includes better cost sharing.

Nobody will get everything in a compromise package, but out of the process should come reforms that have a positive impact on California. The Chamber urges Sacramento to consider the following principles as they move forward:

- Business alone cannot bear the primary financial burden for health coverage. Mandates or new taxes on business will cost jobs, hurt small business owners and limit our ability to compete in the global market.
- Responsibility for health coverage must be shared among businesses, employees, providers and the government.
- 760,000 children in our state are uninsured. The first step of any plan should be to insure the most vulnerable part of our society.
- We cannot let politics ruin the day. The status quo is unacceptable. If lawmakers fail to exercise true bipartisanship and make tough decisions for the greater good, our system will continue to spiral out of control.

A lot is at stake in this debate and if it gets off on the wrong foot, we may lose yet another year. Health care reform is too important for that.

And that’s The Business Perspective.
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