

Employer-Based Insurance Coverage in Trouble

BY JOEL B. FINKELSTEIN
Contributing Writer

WASHINGTON — Companies both large and small are finding it increasingly difficult to afford the health insurance coverage they have traditionally provided to their workers, experts warned at a conference sponsored by AcademyHealth.

Employer-based insurance remains the dominant source of coverage in the American health care system. However, the proportion of companies that provide health benefits dropped from 70% in 2000 to 60% in 2005. Small businesses, those with only a handful of employees, have been especially hard hit by rising premiums, said Todd McCracken, president of the National Small Business Association.

"We have reached a point in the past couple of years where for the first time in memory, most of these companies now do not provide health benefits to their employees," he said.

Of the small companies that can still offer health coverage, few can give their workers a choice of health plans, and they

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are often not happy with the plans they can offer. In any given year, 60% of small companies are shopping around for another health plan, but only 24% make a switch, according to data from the Kaiser Family Foundation.

"Small businesses are constantly in the marketplace looking for a better deal, sure that there's something out there for them that can bring prices in line, when in fact, they don't find much or they find choices that are even worse," he said.

When they come up empty, most companies have few options other than shifting more of the cost of premiums to their workers or reducing benefits, a trend that will continue over the next 5 years, according to projections by the Bureau of Labor Statistics. "The share that employees will be asked to bear simply outstrips any realistic ability they may have to pay," Mr. McCracken said.

Large companies also face rising health insurance premiums and are passing them on to their employees, said Mary Kay Henry, who leads the health systems division of the Service Employees International Union.

The union represents 700,000 workers worldwide. About half have no health coverage and the other half are being asked to share more of the cost of their health insurance. Over the past few years, SEIU has increasingly found itself in difficult negotiations with employers over health benefits at both the level of collective bargaining and that of individual workers.

"Beyond the bargaining problem, we also had a crisis happening for individual workers, which was [that] they were, by

virtue of no coverage, having to face not getting the medical care they needed in order to live," she said.

Every physician has a horror story about some uninsured patient who should have come in sooner, said Dr. Eduardo Sanchez, director of the Institute for Health Policy at the University of Texas Health Science Center in Houston.

"My horror story involves a gentleman, a laborer who came in to see me for a 'blister.' When we got his shoe off, he actual-

ly had a through-and-through diabetic ulcer on one of this toes. He went straight to a hospital and had a couple of toes amputated. ... Had this gentleman been diagnosed with diabetes 5 years earlier, it would have cost a whole lot less money with a whole lot less trauma," he said.

The uninsured end up with a greater level of need for care, which is often uncompensated. That cost is passed on to those who can pay, which in turn causes insurance premiums to rise. The result is

that more employers drop coverage because of high premiums and the cycle starts all over again. That cycle needs to be broken, he said.

Although the solution is not clear, there does seem to be a movement for everyone to come to the table, the experts said.

"We're not going to stand on the sidelines of a political debate, we're going to engage the debate in our mutual interest and figure out a solution for everyone in this country," Ms. Henry said. ■

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