

# VIRGINIA MANUFACTURERS ASSOCIATION POLICY STATEMENT ON HEALTH CARE

## BACKGROUND

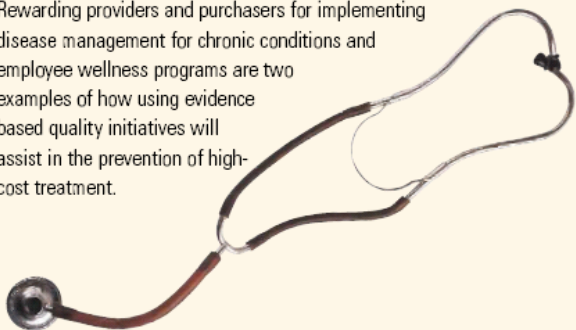
As a leading provider of healthcare insurance coverage for Virginia's employees, VMA members are increasingly concerned about the ongoing double digit percent increases in providing these benefits to their workforce. Manufacturers are faced with difficult and costly choices about levels of coverage demanded by employees and quality of care delivered by physicians, hospitals, nursing homes, and other providers. Recent labor strikes have illustrated how workers and employers are finding it more difficult to find common ground on what healthcare benefits can be provided.

VMA believes that employer-provided health care insurance is a good deal for both workers and their employers because it allows manufacturers to recruit and retain a healthy and talented workforce. However, without a remedy for increasing health insurance premiums, Virginia is simply faced with a growing population of uninsured citizens – now exceeding one million - and fewer jobs. Furthermore, cost is the biggest barrier to the availability and provision of healthcare coverage. The overwhelming majority of VMA's member companies voluntarily provide coverage for workers. We urge Virginia's elected officials to reject legislation that will increase the cost of health care coverage or decrease the private sector's ability to implement creative approaches to controlling cost-drivers within the health care industry.

## OBSTACLES AND OPPORTUNITIES

Business, healthcare providers, insurers, consumer groups, labor, and government must cooperate to shift the public mindset that providing medical care, hospitalization, prescription drugs, and long-term care is inexpensive and too complicated for the individual to understand. The VMA assumed a statewide leadership role for these stakeholders to discuss cost-drivers, healthcare quality, access barriers, and technology at the first VMA Healthcare Summit: "Tell Us Where It Hurts" held in Charlottesville in July 2003. After a day and a half of expert presentations and focus group sessions, there was consensus on three major points: (1) the end-user of healthcare services (the patient/employee/consumer) does not play a large enough role in treatment decision-making and cost-sharing, (2) the current financing system encourages over utilization of services, and (3) substantial cost-shifting is occurring within the system to compensate for the uninsured and government-sponsored health care patients.

Manufacturers know from their businesses that the fundamentals of quality, productivity, cost and competition are inter-related. Many manufacturers know first-hand, because of their self-insured status, that cost-drivers can be effectively controlled when the ultimate consumer has more decision-making control and financial risk – i.e., the employee. VMA believes the ability to measure quality requires meaningful data on patient utilization, provider performance, medical errors, and health facility processes and technology utilization. There are ongoing, yet fragmented, attempts to collect and analyze these data. Rewarding providers and purchasers for implementing disease management for chronic conditions and employee wellness programs are two examples of how using evidence based quality initiatives will assist in the prevention of high-cost treatment.



## THE VIRGINIA MANUFACTURERS ASSOCIATION ACKNOWLEDGES THAT:

- A systemic change must occur in the workplace to motivate employees to take a greater responsibility for their health care costs and service delivery decisions. Every effort must be made to draw a closer relationship between the employee, their physician and their community hospital. The employer is not a health care provider and its exposure to health care price volatility should be transferred to the employee in order to effectively support the expansion of market influences on the industry.
- Elected officials and public policymakers must remove the barriers that obstruct flexible insurance plans that reward employees and consumers who accept higher risk and adopt preventive practices. These plans encourage conservative use of healthcare dollars.
- Manufacturers and other business should be able to strengthen purchasing power through insurance pools.
- Virginia has more mandates than forty-five (45) States in the Country. Mandated Health Insurance Benefits add an estimated 20+% to the cost of insurance plans and cause manufacturers to drop coverage. Virginia must stop the proliferation of Mandated Health Insurance Benefits.
- Economic incentives for individuals to purchase healthcare and long-term care insurance will encourage behavior modification that will curb service over-utilization and government health care dependency. Conversely, penalties must also accompany these incentives for those that choose to impoverish themselves or make a conscious decision to become uninsured in order to qualify for government programs and, thus, expand the cost-shifting to the privately insured and contribute to the exponential growth in Virginia's budget spending.
- Medical liability reform is necessary to keep providers insured and to remove incentives for physicians to order unnecessary and expensive tests to protect against liability.
- Artificial price-fixing in government programs will only inflate costs in the private sector by forcing the escalation of cost-shifting to the privately insured. Interfering with the private marketplace is not a solution to controlling health care costs for all Virginians.
- Universal health insurance will result in less choice, lower quality, restricted access, higher taxes and burdensome mandates. Future solutions must expand market forces in the health care industry and to its ultimate customer – the individual consumer.