



NAHU'S HEALTHY ACCESS BRIEFING REPORT: AFFORDABILITY AND FINANCING ACCESS

Affordability is inherently necessary to all parties represented in this health care financing reform presentation. It is obvious that an investment in change is required to see positive reform results. This report addresses the means through which we could pay for our ideas of investment for positive reform of the financing of health care in America.

1. Inherent Cost Savings

Many of the Healthy Access recommendations, particularly those concerning controlling our nation's rising health care costs, will actually save both state and federal health care dollars. Recommendations concerning wellness promotion, encouraging more consumer-directed health care and price transparency should substantially reduce health care utilization. Furthermore, eliminating system inefficiencies such as medical malpractice reform, advances in health information technology, increased use of physician pay-for-performance standards and greater use of evidence-based medicine will significantly reduce costs. Finally, NAHU's access recommendations, by increasing the numbers of Americans with health care coverage, should generate substantial savings through reduced administrative and uncompensated care costs.

2. Taxing Unhealthy Activity

Despite these substantial savings, eliminating public program cost-shifting and ensuring access to affordable private health insurance will likely result in the need for increased public funds. NAHU feels such funds should generally be derived from assessments (fees, taxes and the like) on activities that drive health costs higher. Assessments that generally encourage healthy and cost-effective behaviors while discouraging unhealthy and cost-ineffective ones will result in additional funds and healthier citizens.

Taxing Unhealthy Activity Recommendations:

- NAHU believes financing for Healthy Access recommendations should be raised on items such as:
 - **Cigarettes and other tobacco products.** According to the American Cancer Society, Smokers make about six more visits to health care facilities per year than nonsmokers. In a study of health care utilization in 20,831 employees of a single large employer, smokers had more hospital admissions per 1,000 (124 vs. 76 admissions), a longer average length of stay (6.47 vs. 5.03 days), higher average costs for outpatient visits (\$122 vs. \$75), and a higher average insured payment for health care (\$1,145 vs. \$762).¹
 - **Alcoholic beverages.** The National Institute on Drug Abuse and the National Institute on Alcohol Abuse and Alcoholism estimate that the economic cost of alcohol

¹ [The Cost of Smoking to Businesses.](#) American Cancer Society. April 13, 2000.

and drug abuse was \$246 billion in 1992, the most recent year for which sufficient data were available. This estimate represents \$965 for every man, woman and child living in the United States in 1992, and alcohol abuse and alcoholism generated about 60 percent of the estimated costs (\$148 billion).²

- **Food products that contribute inordinately to obesity through high fat and/or sugar content and fast-food restaurant meals.** Obesity is most significant contributor to the health care paradox in America—that we have the best health care system in the world but far from the longest life expectancy. Obesity is associated with a 36 percent increase in inpatient and outpatient spending and a 77 percent increase in medications according to *Health Affairs*.³
- **Handguns and their ammunition.** “At a mean medical cost per injury of about \$17,000, the 134,445 gunshot injuries in the United States in 1994 produced \$2.3 in lifetime medical costs (in 1994 dollars, using a three-percent real discount rate), of which \$1.1 billion (49%) was paid by U.S. taxpayers. Gunshot injuries due to assaults accounted for 74 percent of total costs.”⁴

3. Additional Financing

Cost savings and fees on unhealthy behavior may not be sufficient to finance guaranteed access to health insurance and premium subsidies. If additional funds are required, NAHU feels such revenue should be generated from the broadest base of payers possible.

Additional Financing Recommendation:

- To be prepared if additional financing is required, the federal government should investigate the impact of:
 - a national assessment on hospital stays
 - a national lottery with proceeds earmarked for health care access and reducing the uninsured.

² [“Economic Costs of Alcohol and Drug Abuse Estimated at \\$246 Billion in the United States.”](#) National Institutes of Health. May 13, 1998.

³ [The Effects of Obesity, Smoking, and Drinking On Medical Problems and Costs.](#)

R Sturm - 2002 - Health Affairs

⁴ The Medical Costs of Gunshot Injuries in the United States. Philip J. Cook, PhD; Bruce A. Lawrence, PhD; Jens Ludwig, PhD; Ted R. Miller, PhD. *JAMA*. 1999; 282:447-454.