

August 12, 2008

The Honorable Mitchell E. Daniels, Jr.  
Republican Candidate for Governor  
47 S. Meridian Street, 2<sup>nd</sup> Floor  
Indianapolis, IN 46204

The Honorable Jill Long Thompson  
Democratic Candidate for Governor  
804 N. Delaware Street  
Indianapolis, IN 46204

Dear Governor Daniels / Dear Ms. Thompson:

***Your Charge With Health Care***

Today, the vast majority of health care resources go toward treating the symptoms of chronic disease. At the same time, business owners repeatedly cite health care's rising costs as a key concern. Waiting on the federal government to reform programs such as Medicare and Medicaid is a losing strategy – no consensus solution is on the horizon. A more practical strategy for Indiana is to focus on prevention and wellness, improved access and cost controls while rewarding businesses and individuals willing to take responsibility for their well-being.

It's a common conversation shared across board rooms and kitchen tables in every corner of Indiana: Health care costs keep rising, health insurance premiums keep increasing and the federal government keeps fiddling with a system that provides world-class outcomes but can't seem to control costs, improve affordability or provide access to all. So, more and more Hoosiers find it challenging to afford adequate health care and employer-based health insurance becomes a major factor in job decisions.

Health care is one of the most complex issues facing Indiana and the nation. Through programs such as Medicare and Medicaid, the federal government finances nearly 70 percent of all health care spending in the U.S., dominating (and distorting) the market. What is a governor to do in such an environment?

First, you must acknowledge some basic facts and return to the simple wisdom that "an ounce of prevention is worth a pound of cure."

Fundamentally, Hoosiers have several health challenges that make it more expensive to hire and care for them. We tend to be more obese than the rest of America (ranking 21<sup>st</sup> in the nation). Far too many of us smoke (24 percent of Hoosier adults use tobacco products, ranking sixth in the country). We tend to not get enough exercise (we rank 13<sup>th</sup> in adult physical inactivity), and we are third and 12<sup>th</sup> in the nation in cancer deaths and the incidence of heart disease, respectively.

Consider that 75 percent of the \$2 trillion spent annually in the U.S. on health care goes toward treating the symptoms of chronic disease. In Indiana alone, we spend more than \$1 billion each year on health expenses related to smoking. By smoking less, eating healthier diets and exercising more, we could prevent 40 percent of cancers, 80 percent of Type-2 diabetes and 80 percent of heart disease and save billions of dollars (not to mention lives).

These facts point to the kind of public policy that the next governor should pursue in health care: Emphasize prevention, wellness, early testing and programs that curb obesity and smoking. Only by focusing on wellness and prevention can we begin to create a health care system that encourages better individual behavior, drives down costs and expands affordable insurance coverage to every Hoosier. The current focus on acute care after the fact is a backward proposition that will continue to yield unsatisfactory results.

Smart business people understand this. In a recent national survey of 1,600 employers conducted by Indianapolis-based United Benefits Advisors, 72 percent either have or want to have a wellness program with a health risk assessment. Employers see the long-term value of wellness and prevention, and policymakers need to take note. Some in Indiana already have.

In 2007, the Legislature passed in bipartisan fashion the Healthy Indiana Plan that addressed the three critical areas of wellness, access and affordability. Among other reforms, it raised cigarette taxes by 44 cents per pack (providing a disincentive to smoke and an incentive for many to quit) and extended health insurance to nearly 132,000 low-income Hoosiers. Moreover, it provided a 50 percent tax credit to businesses for qualified wellness programs – the very programs that will help individuals to better manage their health and forestall costly acute care expenses. This is a good start, exactly the kind of policy that we need, but it is only a start.

Many Hoosiers are still without health care coverage. In 2009, the governor must explore options to go farther. The uninsured typically wait and seek out medical assistance when a situation becomes severe. That means they go to hospital emergency rooms where the care is the most expensive. To cover the charge for these visits, a cost shift takes place that affects every Indiana business and its employees. We simply must get more Hoosiers insured. Otherwise, those with insurance will continue to see their rates increase to pay for those without it.

What kind of health care policy should not be pursued? The kind that only adds to the rising costs of health care and continues to mistakenly focus on expensive acute care.

Year after year, legislation is introduced in the General Assembly that seeks to saddle employers – and their employees – with costly new mandates, whether its mandatory coverage of 26 year-old “dependents,” mandatory coverage of specific procedures such as kidney dialysis or “stereotactic radiotherapy” (whatever that is), or prosthetic devices, or hearing aids, or this or that.

This is costly, counter-productive and simply wrong. Mandates make health insurance more expensive and cause employers, especially small businesses struggling to get by, to drop their employee health insurance programs altogether. Ultimately, mandates lead to higher costs and less coverage.

Only by changing the focus of the health care debate will we avoid a financial and societal collapse of the current system. A new approach will emphasize prevention and wellness, be driven by consumers and markets, and result in more access at lower cost. In this way, we will be able to provide better health care for all Hoosiers and secure the benefits promised to generations past and future.

Sincerely,

The 125 members of the Board of Directors of the Indiana Chamber of Commerce, representing 4,800-plus member companies employing 800,000 Hoosier workers.