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|HEALTH CARE|

## New health-care reform efforts should balance fairness with need

**M**any Americans hope the Democratic Party's recent rise to power in Congress will inspire a fresh look at the thorny issue of health-care reform. Politics aside, the existing legal system is remarkably nonprescriptive in determining what health care we receive, from whom and how we receive it, and how to pay for it.

### A RIGHT TO CARE?

While it is true that Americans have inalienable rights to life, liberty and the pursuit of happiness, the U.S. Supreme Court has never recognized a constitutional right to government funded health care.

The Constitution and the Bill of Rights were only meant to limit the ability of government to interfere with one's rights. Constitutional principles generally do not obligate the government to fund the pursuit of these freedoms.

For example, one may have the right to free speech but he still has to pay to rent a stage or bullhorn. On the other hand, Americans do have a constitutional right to privacy, and this particular right has significant importance to how health-care services are received.

Americans also have numerous statutory rights to health care. By virtue of age, health status or economic condition, one may be entitled under the law to government-paid health care, but these rights can be taken back or changed as easily as they were given.

In addition to Medicare and Medicaid, federal, state and local governments have long taken responsibility for protecting society from certain public health dangers. The Food and Drug Administration, Centers for Disease Control and National Institutes of Health represent only a few of these government programs.

Our much-maligned judicial system



### HEALTH-CARE COSTS

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serves to protect us individually from harm that arises from medical malpractice, defective medical devices and drugs and a host of other health related risks.

Therefore, any serious effort to correct the gaps and imbalances in America's existing health-care system should not begin with legal reform. Rather, it should start with a sober assessment of what is wanted and how much can be afforded.

Polls suggest that an overwhelming majority of Americans support universal health care in the abstract, but this support nearly vanishes when concepts like wait lists, rationing or limited provider networks and maximum benefits are suggested. Not surprisingly, determining who should have responsibility for paying the cost of a comprehensive system remains the point of greatest disagreement.

### COST OF CARE

Health-care spending is rising both in absolute and relative terms. This places an immense burden on businesses and taxpayers, but is it really a societal problem?

Studies suggest health-care spending as a percentage of disposable income almost always increases with prosperity in any country. A recent study by Stanford University and the University of California at Berkeley found that the U.S. could be devoting as much as 30 percent of its gross domestic product to health care by 2050 (up from 16 percent today). The older and richer we get, the more we are willing to spend to extend and enhance our lives. Another study shows that the average

cost per year of added life expectancy is about \$145,000.

Nonetheless, health-care costs have been specifically blamed for the economic woes of many U.S. companies. This is a serious problem in a world in which labor costs often determine where business operations are based.

At the same time, health care itself is an engine of economic growth. In many areas of the country, the health-care industry is the only sector creating new jobs, most of them offering good pay and benefits. The transfer of innovation from the life sciences laboratory to the marketplace is a powerful stimulus.

The task of reining in health-care costs must include targeting waste and inefficiency. Some studies have suggested that between 25 percent and 30 percent of health-care costs pay for the administration of the system, not the provision of health care itself. How much less would that percentage be if health-care providers made optimal use of information technology?

One of the most significant challenges to systemic reform is inherent in how and when health-care resources are consumed.

A disproportionate share of all health spending occurs for a few chronic conditions and during the last 30 days of one's life. This means that health savings accounts, employer-employee cost sharing, price transparency and other consumer-centric techniques to encourage prudent health-care spending will only affect a small portion of the \$2 trillion America spends annually.

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