

## Business leaders' thoughts on health care bill

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The health care reform legislation approved by Congress will, among other things, extend coverage to 32 million uninsured Americans and crack down on unpopular insurance industry practices, such as denying coverage for people with medical conditions. The Chronicle asked executives and leaders from several sectors to offer their perspective on the new law.

### **Lloyd Dean, president and CEO, Catholic Healthcare West, San Francisco**

Catholic Healthcare West's role on the front lines has made it clear to us that health care has been too costly, with too few people having access to adequate coverage. That's why we have long advocated for meaningful reform and are thankful that the nation is now on a just path to coverage and cost control. This historic legislation is the first step in the most profound change in health care policy in my lifetime.

Make no mistake, it will take an enormous amount of dedication and work to meet the challenges posed by this legislation. We have already taken major steps, including investing in medical technology, electronic health records, our facilities and our people, to serve the increasing need for quality, affordable health care. For health care providers everywhere, reform will accelerate the efforts to make health care delivery more integrated, more cost-effective and more available.

This legislation is a landmark achievement. We will have a better health care system and be a more just society for it.

### **Steve Falk, president and CEO, San Francisco Chamber of Commerce**

It will take time to understand the full impact, but the legislation opens the door for reform and reductions in insurance costs that have crippled many businesses.

Beginning on Jan. 1, 2014, all U.S. citizens and legal residents will have to obtain coverage if they do not have coverage provided by their employer. Beginning this year, small businesses can receive tax credits up to 35 percent of premiums if they offer employee health insurance. Hopefully these tax credits will offset what could be continued rate increases as insurance companies are mandated to provide coverage to individuals with pre-existing conditions and end their option to set annual and lifetime limits.

While large employers won't be required to provide coverage, they will be charged a "free rider" assessment if their employees purchase coverage through the new exchange with federal premium subsidies.

The next big issue that needs to be addressed is the overall cost of health care delivery, which will further reduce insurance costs.

**Adrian Turner, CEO, Mocana, an Internet and software infrastructure security company in San Francisco**

Much of the success or failure of health care reform will depend on our ability as a nation to leverage technology to reduce the expenses associated with treating, monitoring or administering conditions.

A new generation of connected medical devices will almost certainly play a role in dramatically lowering health care costs. But many of these devices, including popular pacemakers, insulin pumps and remote patient-monitoring systems, have been fielded without adequate security on board.

One fact to consider: The average electronic medical device is in the field at least seven years, and in some cases as long as 20 years. That means that medical-device manufacturers need to design their new connected products with an eye toward dealing with the very sophisticated attacks that will certainly emerge in the next decade.

**Gail Maderis, CEO and president, BayBio, a nonprofit trade association for Northern California's life science industry based in South San Francisco**

The health care reform bill signed by President Obama represents a historic achievement. As the country's largest life science cluster, hundreds of companies in the Bay Area invest time and resources to develop new treatments. The Patient Protection and Affordable Care

Act of 2009 includes provisions that encourage this innovation while lowering costs and improving access to these therapies for millions of patients.

The bill acknowledges that it can take up to 15 years and \$1.2 billion to develop a new drug, and protects innovators' intellectual property. Another critical provision will provide some financial relief to research-intensive, small biotech companies that continue to suffer from tight credit markets.

**Randall Kostick, chief operating officer, Zephyr Real Estate, San Francisco**

The real estate industry has, of course, been significantly impacted by the economic downturn, and I think there are very few industries that are in a particularly strong position to deal with any added costs at this time. That being said, I believe that this country could not afford to go any longer without reform to our existing health care system.

Like many in our Congress, I am not really in a position to intelligently comment on the specific effects of the just-passed health care plan and how it might impact my company or my industry. I believe, however, that it is the responsibility of business to do its part to support the basic needs of its employees, which certainly includes health care. I suspect that existing healthy real estate operations already comply with the demands of the new health care initiative and that we will be fine with the required insurance guidelines.

**Cynthia Mackey, founder, Winning Strategies LLC, an Internet strategy and marketing company in Oakland**

As an Internet strategist and Web application developer, the majority of our resources are expert freelancers. The most important role of the legislation is to actually begin addressing the issue of changing the way health care is provided to this sector of workers.

While small businesses in the United States are recognized for generating the most jobs in the economy right now, the health insurance model is based on large corporate programs. It isn't really evolving to address the thousands of micro businesses, small businesses, freelancers, virtual workers and self-employed throughout the country.

This is probably the least favorite sector for health insurers to serve, because long-term plans for an employee base are not possible. Consequently, the premiums vary and freelancers often drop in, drop out, and switch providers based on their finances. It's a vicious cycle where neither side is very happy.

While the legislation needs work, I think it is a start to define more modern-day health insurance options that work for both.

**Jeanine Cotter, CEO, Luminalt, a San Francisco company that installs solar electric and solar hot-water systems**

I am excited by the health care bill's potential to make it easier for small businesses, like Luminalt, to continue to provide health care coverage to our employees.

Most solar companies are small businesses. We are creating jobs. And we pay more for coverage than large employers. Each year at renewal, premiums increase and coverage gets more restrictive. Each year, it has gotten harder and harder for small businesses to cover their employees. The effect has been that fewer small employers were providing health coverage for their employees and their families.

I am optimistic that this bill will turn the tide. Provisions in the bill that provide credits for small employers to provide health care coverage should make it possible for solar companies and other small businesses to provide health coverage to their employees and their families.

**Scott Hauge, president and founder of the nonprofit Small Business California, which received about 145 responses after asking its network of owners about the new law**

There was almost universal support for the requirement that insurers provide coverage regardless of pre-existing conditions. A vast majority also supported the establishment of exchanges which they believe will give them the ability to pool risk and reduce their rates. Qualifying businesses with fewer than 25 employees, paying average wages under \$50,000, liked the tax credits they will receive to defray the costs of the coverage that they already provide.

But many business owners don't believe rates will go down. And owners of companies with more than 50 employees who do not currently provide health insurance were opposed to the staggering costs of adding mandated coverage.