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## **Is it the role of US Business to provide Health Care Coverage? A Global perspective for the US business model.**

**By Bob Thilmont**

For years we Americans have been told we have the best health care system in the world. This is partially accurate. We do have the best health care money can buy. However 43 million Americans have no health care coverage. This is an increase of more than two million Americans since 2001. Every American that leaves the insured ranks results in a smaller population pool to share the rising health care cost. Now that the health care system in America is under fire we need to ask ourselves is it the role of business in America to provide health care?

The current system dates back to World War II when President Roosevelt mandated wage and price controls. Companies found that by offering health care benefits to their workers they could circumvent the wage and price controls. This trend has continued ever since. Unions played a big role in negotiating health care coverage and increasing the scope of coverage for its members. As long as global competition in the US was minimal this system worked. However, today business does compete in a global market.

At the Detroit Auto Show recently Richard Wagoner the CEO of GM was asked what was his major worry for GM. His answer was not product focused as the other global automakers stated but the rising health care cost burdening GM today. This is evident in the fact that each GM car sold in the US today comes with a \$1,200 health care charged built into the cost.

American businesses face a competitive disadvantage whether our competition is from a G8 nation or a developing third world country due to employee health care coverage. .

The so called job generator in America is small business. The old business model based on big business does not work in today's global economy. Small business cannot be expected to create jobs if for every new employee they hire they have to spend an additional \$5,000 to \$8,000 per year for health care coverage.

So what is the solution? First we must accept the fact that business is not responsible for providing for the social welfare of Americans. Our government must take an active role in supporting the health care system in this country. Australia has successfully blended a program of public and private health care coverage. This model could be employed as a framework for America. Initially we must ensure everyone is provided with catastrophic health care coverage by having the government be the major underwriter. Secondly, government can and must play a key role in streamlining the administrative cost of health care, which accounts for more than 50% of health care expenditures. Government must



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also work to provide malpractice insurance relief and tort reform in the health care system.

There is no perfect health care solution. All major health care systems world wide are under pressure. However government has to play an active role for it is beyond business or individual Americans to solve this problem on their own.

If we do nothing our business model will evolve not along those of the G8 but those of developing nations, that is, workers with little or no health care coverage. Not only will the workers quality of life decline so will ours as a society.



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