

# Understanding Healthcare Reform

## PART EIGHT



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**T**he Healthcare reform law is on the operating table and The Supreme Court is performing the surgery. Survival is likely, however its' going to be a long, painful procedure with the likelihood of amputations. No matter what the outcome, employers, consumers and healthcare providers will see significant changes in how health care is delivered and paid for.

### The question is, what do we do in the recovery room?

For more than two decades the healthcare and insurance industries have made several attempts to bend the curve of rising healthcare costs. HMO's, PPO's, HSA's, Managed Care, Consumer Driven Health plans have all changed the way healthcare is delivered, but have done little to slow the rising cost of care. We live in a country with the best healthcare system and yet have one of the lowest life expectancy rates in the developed world. In 2009 healthcare spending in the US reached \$2.5 trillion dollars, nearly 17% of the GDP; yet despite the spending, health outcomes in the US are considerably below those in other countries. Approximately 35% of our population spends 85% of our health care dollars and 1% of our population spends 50%. Chronic preventable illness has spiraled out of control and has made a significant impact on the cost of care for all of us.

According to a study published by Emory University's School of Public Health, the average American spends more than \$6,000 each year on healthcare. This represents the highest amount

spent in the world and twice as much as Europeans. In the past, the most common reason cited for this difference was increased access to medical providers and a higher use of advanced technologies. In contrast, recent studies have shown that obesity, smoking habits and lifestyle choices are much more likely to be the root cause.

One glaring finding from the study was that obesity and smoking were more prevalent in the US than in Europe. The study showed that 33% of Americans were obese compared to 17% of Europeans. In addition, 53% of Americans had smoked at some point in their lives, compared to 43% of

Europeans. Given these risk factors, Americans are 50% more likely to have high blood pressure and diabetes and almost twice as likely to have heart disease and arthritis.

The good news, many of the drivers associated with the rise in health care spending are reversible and preventable. Individual responsibility of how we live our lives can significantly "bend the curve" of health care spending. The prognosis of the Healthcare Reform Law is unknown; however the symptoms of the cost of care are very clear. Living healthier lives, and making better lifestyle choices, will help us all lower the cost of care and improve the quality of our lives.

If you have any questions regarding PPACA or Wellness Programs for your business, please feel free to contact our office. Pacific Coast Benefits is here to help navigate you through Healthcare Reform.

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