

NCN in 2009 A Hard Look at Healthcare

DECEMBER 2009

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Wanted: A Savior For Healthcare Reform

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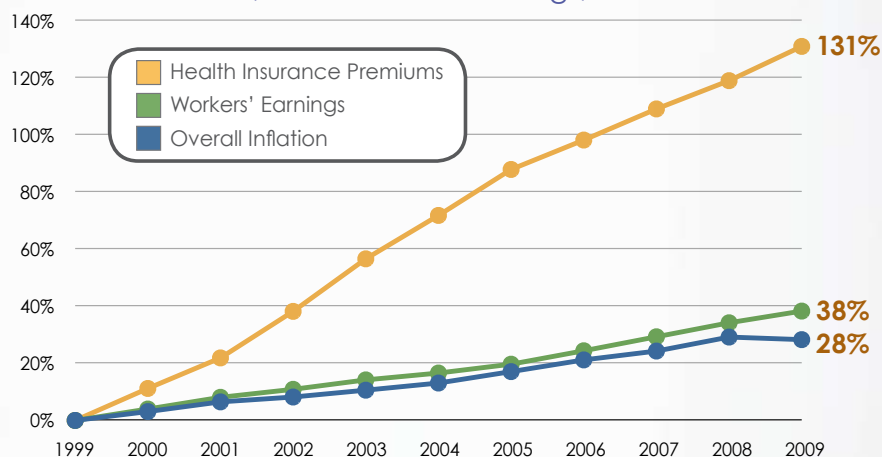
Mission Critical

Many Americans agree that healthcare reform of some nature is needed. What is not as clear-cut is how to arrive at that goal. Indeed, in the absence of a declaration by the Administration, a measurable, clearly articulated goal has yet to be defined. Discussing our urgent need for reforms, Paul Krugman, op-ed columnist for *The New York Times*, writes, "America can't get control of its budget without controlling health care costs — and this is our last, best chance to deal with these costs in a rational way."¹

While Americans are split almost equally between those who do and those who do not support the Senate's current healthcare reform bill, a recent Gallop poll found that the issue of cost is a top concern, no matter which side of the debate one is on.² This cost refers to the expense, short- and long-term, for the Nation to implement reforms. As it stands right now, the focus of the debate is centered on coverage—the belief that if more people have healthcare coverage the overall "cost of care" will go down.

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Cumulative Changes in Health Insurance Premiums,
Inflation, and Workers' Earnings, 1999-2009



Note: Due to a change in methods, the cumulative changes in the average family premium are somewhat different from those reported in previous versions of the Kaiser/HRET Survey of Employer-Sponsored Health Benefits. See the Survey Design and Methods Section for more information, available at <http://www.kff.org/insurance/7936/index.cfm>.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2009. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2009; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2009 (April to April).

1 Krugman, Paul. "Reform or Else," December 4, 2009, *New York Times*, http://www.nytimes.com/2009/12/04/opinion/04krugman.html?_r=1&adxnnl=1&ref=opinion&adxnnlx=1259935342-cjlbLY2KpUqJ1ddmgS3aA.

2 Gallop, "In U.S., Cost Bureaucracy Top Healthcare Reform Concerns," November 18, 2009, <http://www.gallup.com/video/124292/Cost-Bureaucracy-Top-Healthcare-Reform-Concerns.aspx>.



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Outpacing Inflation

What is mistakenly assumed in this argument is that “cost of care”—the charge passed on to the consumer—is rising on an economically rational and predictable path, but it is not and has not been for some time now. In fact, it is quite the opposite. The trajectory expected would be on par with that of inflation. This is not the case, however, as we know that healthcare premiums have far outpaced inflation rates—by an embarrassing 467%. In the past 10 years inflation has risen 28%, but premiums have increased by 131%.³ This staggering figure solidifies the belief that charges in the healthcare industry are erratic, inconsistent and inappropriate.

This problem has arisen due to the lack of normalized billing in the healthcare system. One health procedure can have literally limitless charges billed for it. Variables such as the area of the country, type of facility, physicians involved and what the payer has negotiated are just a few of the factors that go into a healthcare charge. Also to be considered is whether or not the procedure is in-network or out-of-network. This system seems arbitrary and makes it nearly impossible for patients to become responsible consumers of the commodity we call healthcare. What remains are legitimate questions as to whether mandating health insurance to the uninsured could be the cure to an ailing system.

“When health care costs continue to rise so much faster than overall inflation in a bad recession, workers and employers really feel the pain. That’s why we are having a health reform debate,” states Kaiser Family Foundation President and CEO Drew Altman, Ph.D.⁴ It is important to our Nation’s future that reform happens, but it is vital that it happens the right way.

Making Healthcare Affordable

A cost-up methodology to healthcare billing needs to be recognized on grand scale by those in Washington as a true solution to the national epidemic of unabashed and unrelenting healthcare charges, both for in- and out-of-network care. When coupled with transparent billing, the unsustainable trajectory of healthcare charges can be brought closer in line with inflation, thus making healthcare affordable for Americans once again.

Year over year, NCN controls costs on more than \$2 billion in healthcare claims. With powerful, data-driven tools like Data *i*Sight, NCN consistently delivers savings to its clients of nearly 50% on both in-network and out-of-network healthcare claims. If adopted on a much broader national scale, this methodology would truly rein in healthcare charges and fix the system whose path is currently aimed at failure.

About NCN—NCN is the national leader in cost management for out-of-network claims. We use cost-based data and transparent reporting to maximize savings on healthcare claims. At NCN we claim a better way for payers, providers and patients.



³ Colliver, Victoria. “Health-insurance premiums outpacing wages, inflation,” September 16, 2009, Seattle Times, http://seattletimes.nwsourc.com/html/politics/2009873536_healthcost16.html.

⁴ The Henry J. Kaiser Family Foundation, “Family Health Premiums Reach \$13,375 Annually in 2009 Up 5 Percent as Inflation Fell Nearly 1%,” September 15, 2009, <http://www.kff.org/insurance/ehbs091509nr.cfm>.



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