

# Retail and Health Care Reform

**Zaniya Health Care Task Force  
Pierre, South Dakota**

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# The National Retail Federation

- The National Retail Federation (NRF) is the world's largest retail trade association
- Membership that comprises all retail formats and channels of distribution including department, specialty, discount, catalog, Internet, independent stores, chain restaurants, drug stores and grocery stores as well as the industry's key trading partners of retail goods and services.
- NRF represents an industry with more than 1.6 million U.S. retail establishments, more than 24 million employees - about one in five American workers - and 2006 sales of \$4.7 trillion. As the industry umbrella group, NRF also represents more than 100 state, national and international retail associations.

# Retail's Twin Imperatives

- **Labor-intensive industry** - strong advocates of quality health coverage for both physical and behavioral needs in order to help keep our employees healthy and productive.
- **Profit-challenged industry** – wafer-thin profit margins mean we must manage the collective cost of labor in as cost-effective a manner as is possible.
- **Maintaining balance** between these two imperatives is not always easy.

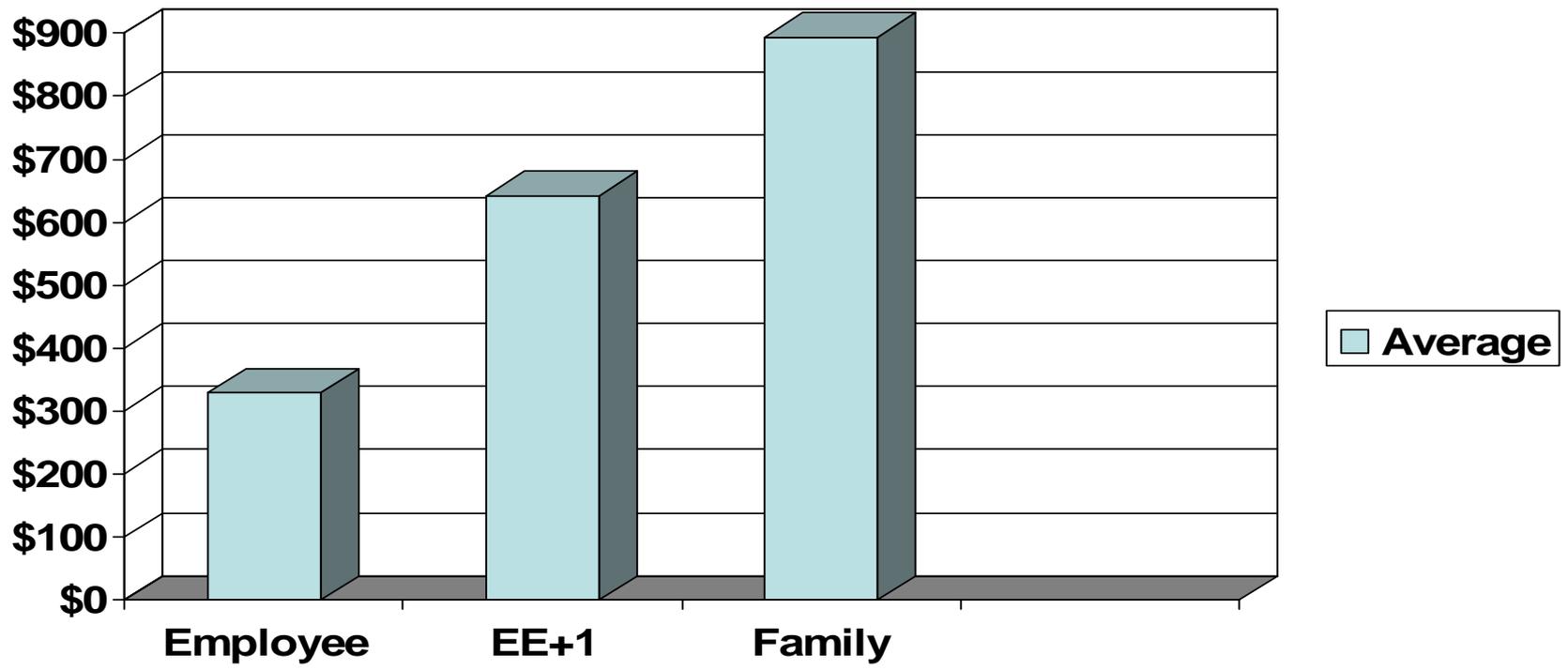
# Retailers and Mandates

- Opposed to both Benefit Mandates and Mandated Coverage or contributions
- **Benefit mandates** increase coverage costs – South Dakota can be congratulated on its restraint.
- **Mandated Coverage or Contributions** cost jobs – economic development vs. health care?

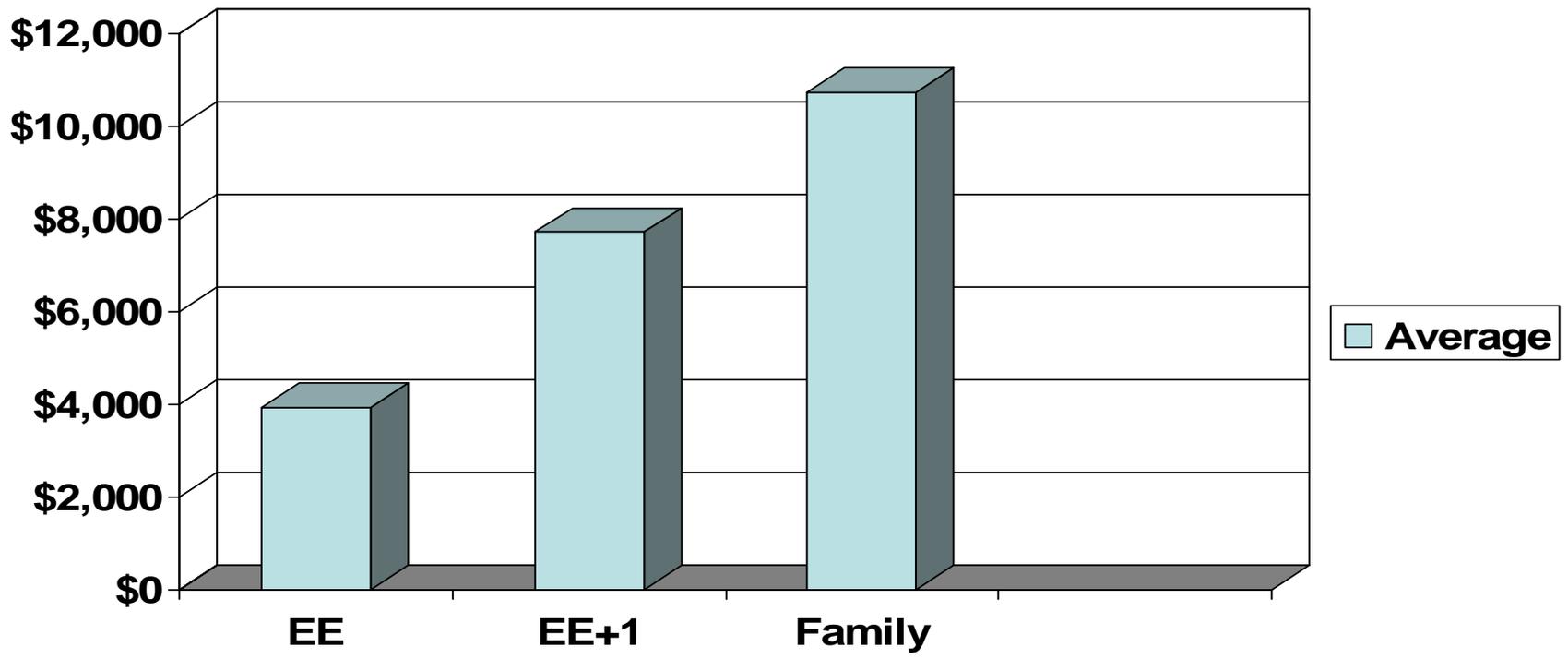
# Solutions?

- Address affordability first
- Create a more responsive health care system
  - South Dakota law a good first step. New role in assessing value in health care?
- Biggest return is in prevention – deter the development of and better manage chronic conditions

# Monthly Total Premium Cost



# Yearly Total Premium Cost



# NRF Vision for Health Care Reform

- The retail industry employs one out every five workers in today's economy and is an important source of health coverage for our associates and their dependents.
- The industry is eager to assist in efforts to improve the quality, cost and access to health coverage.
- Americans deserve better value for our collective health care dollar.

# NRF Vision for Health Care Reform

- **Improve Health Care Quality** – we need better value (defined as the quality and cost of care) from our health care system. We spend more than any other country but lag behind other countries in leading health care indicators.

# NRF Vision for Health Care Reform

- **Lower Health Care Costs** – the key to making health coverage more accessible is its cost. The NRF believes effective measures to improve health care service delivery and reduce costs must be a first and central focus of health care reform at any level.

# NRF Vision for Health Care Reform

- **Increase Access to Coverage** – reducing the cost of health coverage will help many more businesses and individuals gain access. Increasing access will spread insurance risk and help reduce overall costs.

# Increasing Access

- Consider **group purchasing** or other risk-pooling programs to increase access to coverage for small businesses and individuals.
- Consider **tax credits** for individuals or small businesses that need subsidies to afford coverage.
- Add additional **flexibility** to Health Savings Accounts (HSAs) to make them more attractive to businesses and individuals. Allow Health Reimbursement Arrangements (HRAs) and Flexible Spending Accounts (FSAs) to coordinate with HSAs. Allow FSA funds to roll over from year to year.
- Consider **personal health savings accounts** to accumulate personal savings and voluntary contributions from one or more employer, along with public subsidies or credits and individual funds to help pay for health insurance premiums.

# NRF Vision for Health Care Reform

- **Insurance Market Reform** – affordability problems with the state regulated insurance markets persist despite strenuous reform efforts in most, if not all, of the states.
  - Preserve ERISA
  - Avoid mandates – sunset existing
  - Rating reforms?

# Best Reform Strategies

- Disease Management / Wellness / Prevention
- Health Savings Account (HSA) or Health Reimbursement Arrangement (HRA) [HRAs are more common, but HSA use is increasing]
- Retail Medical Clinics (employee use is growing; vouchers for part-time workers?)
- Plan changes, including increasing: co-pays/co-insurance; premium share; eligibility waiting period.

# Best Reform Strategies

- Limited Benefit Plans (another possible answer to part-time workers)
- Employee Surveys
- Health Information Technology (HIT) – cost savings, quality improvement.
- Transparency – consumer-friendly cost and quality comparisons
- Pay for Performance – higher compensation for higher performance.

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