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STEVE ADUBATO, host:

Small business and the rising cost of health care in New Jersey, next on CAUCUS.

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ADUBATO: Welcome to Informed Choices, a very special series looking at a range of health issues affecting New Jersey and the nation. I'm Steve Aduato. Here to examine ways to improve the state of health care in New Jersey and the nation are: Senator Joseph Vitale. He's been with us many times. He is the deputy majority leader representing the 19th legislative district, that is in Middlesex County. The senator is a leading proponent of health care reform in the state. Marjorie Perry, who has been with us many times as well. Marjorie owns a small business in New Jersey called MZM Construction. Christine Stearns, a first-timer with us, vice president for health and legal affairs at the New Jersey Business and Industry Association. And finally, Jim Stenger is the principal and executive vice president of NAS Financial Services, managing health insurance programs and employee benefit plans in the Tri-State area. I want to thank all of you for joining us.

Senator, we have talked about health insurance, the rising cost of health care many, many times. What's worse, number one, particularly for a small business, and what are we doing about it?

Senator JOSEPH F. VITALE (19th Legislative District; Democrat, New Jersey): Well, of course, for small business, obviously, is affordability and consistent continuity in terms of affordability and predictability. Right now it's not very predictable. You can say what is predictable is that every year health insurance premiums will increase. And so the challenge before all of us in different sectors of this particular game is how it is that we manage the cost and how we make insurance more affordable for those in the small employer market between two and 50 employees.

ADUBATO: That's the number? Between two and 50?

Sen. VITALE: Yeah, where so many New Jerseyans reside in terms of their health care. So that's the challenge before us is how to maintain good quality health care while trying to keep the price at a reasonable price, which is going to be hard to do.

ADUBATO: Let's do this. Some numbers. Wow. I know that in 2004, there was an approximately 11 percent increase hike in insurance premiums. But since 2000--Marjorie, this can't be right--since 2000, 73 percent increase in health insurance premiums?

Ms. MARJORIE PERRY (Small Business Owner): Absolutely.

ADUBATO: Can't be.

Ms. PERRY: Absolutely.

ADUBATO: How are you doing that and still paying the bills?

(Graphic on screen)

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Ms. PERRY: We have to--we're getting very creative. We have to talk to employees to see if they really need prescription drugs. We have to say, 'Well, listen, we can have a better plan if we drop the prescription portion.' We have to shop. We have to do shared plans. It's crazy. It's absolutely crazy.

ADUBATO: You happened--what happens if you didn't do that?

Ms. PERRY: If we didn't do that, my profits are just through the toilet. And in order to retain good employees, I have to absolutely do what I have to do to keep them. I have to give them benefits. If I'm going to have a good project manager, he wants benefits for him and his family.

ADUBATO: Right.

Ms. PERRY: So that means I may--my profit margins might be 25 going in, it might drop down to 16, 17 percent because of my health care expenditure. That's not counting your insurance for worker's comp and general liability insurance, so.

ADUBATO: That's another show.

Ms. PERRY: That's a whole 'nother show.

ADUBATO: Christine, as you hear Marjorie, similar? Common? That's what you're hearing?

Ms. CHRISTINE STEARNS (Vice President, New Jersey Business and Industry Associates): Absolutely. I hear from members who are struggling with it. You know, they've gotten big rate increases. They don't know what to do. How do they try to finish the cost? Many of...

ADUBATO: What are they doing?

Ms. STEARNS: Well, many of them opt to continue to pay the full cost of the health insurance, but then sacrificing wage increases. Some of them pick up the bulk of the cost increase and share part of the cost with their employees. They're using a lot of different methods. They're shopping around for a better deal. And what they're really asking for is for the legislature to take some action to reform the health insurance market. We haven't looked at it since 1992, and there really hasn't been any substantive changes in the intervening time, and things have changed.

ADUBATO: Let's go back. We will talk about, excuse me, the legislature in a second. You're saying that small businesses are saying, 'Wait a minute,' to

their employees. `All right, here's the deal. We can't afford this. You want to forego a salary increase? You want to forego some other financial benefits that you may get as part of your package to get that health insurance plan that you want because, if you want it all, it's not happening, we can't stay in business.'

Mr. JIM STENGER (Executive Vice President, NAS Financial Services): Well, it is really expensive, and you raise a good point by saying that it's either got to come out of salary or your better benefits plan because the employer, we're small employer as well, we have 22 employees in Morristown, and we struggle with this every year ourselves even though we're in the business. And the bottom line is, you can either have a rich benefits plan or you can have a less rich benefits plan and a bigger pay increase.

ADUBATO: Your employees say, `Come on. You can do it all.' You say?

Mr. STENGER: Well, it's unaffordable to do it all. You either go for a big pay increase and shift some of the cost back to the employee or you give them a richer benefit plan and less of a raise. It's a trade-off.

ADUBATO: You know, senator--by the way, if you're watching the program and you want to find out more, longtime fans of our public television series, you know that, regardless of what channel you're watching us on, our Web site is up there. There's always additional information on these issues on our Web site that's part of the educational outreach. So do that.

Senator, I'm listening to everyone talking here, and I'm thinking, `Wait a minute. Our production company and we're an educational not-for-profit production company, 10 employees. We have to shop around and get the right deal.' But then I was sitting there saying, `Wait a minute. It's cost a lot of money.'

By the way, if you don't know why you didn't--why you didn't get the bonuses you wanted last year, that's part of the reason, folks.

And then I hear Christine saying we're looking to the legislature. Is that where the rest of us should be looking, for you and your colleagues to help fix it?

Sen. VITALE: I believe that it has to be a partnership between the federal government, state government, employers and employees.

ADUBATO: Describe the partnership that works this one out. I want to learn a lot.

Sen. VITALE: Everyone has to have some skin in the game if we're going to try to make this affordable. There are other reasons why health insurance is unaffordable for many people. It's profit taking. It's any number of things that insurers will do to maximize profit, minimize their loss. And that's the game businesses play. That's why they're in business and why they're called business people. So the legislature needs to rein them in a little bit. But, in the end, I think if we're going to try to find affordability for small business owners, which make up the bulk of those who are insured in New Jersey or who provide insurance for their employees, and 75 percent of people who have insurance in New Jersey get it through their employer, we need to form partnerships. So what I'm contemplating, I have a universal health care package coming out in a couple of months.

ADUBATO: A universal health care package.

Sen. VITALE: Right. Which is--means different things to different people.

ADUBATO: What does it mean to you?

Sen. VITALE: Well, what it means to me is that the million uninsured New Jerseyans and those who already have insurance will find some subsidy that will be funded by the federal and state government. We already have federal funding and state funding coming in.

ADUBATO: Not enough.

Sen. VITALE: Well, not enough, and, God willing, we'll have more this year with the Democrat Congress, and they've made that commitment. But we...

ADUBATO: Are you saying Republicans are not as sensitive to the needs of small business and employees of small businesses who are having a hard time getting the health insurance benefits that they need?

Sen. VITALE: It has been my experience. And I think that it's the same experience that we have in our S-CHIP program with family care.

ADUBATO: What is it?

Sen. VITALE: S-CHIP, which is the State and Children's Health Insurance Program. But it's a partnership between the federal government and the state government. The feds will say New Jersey, any other state, if you enter into this contract with us, we will pay 65 percent of the cost of the premium, you pay 35 percent. So we've been able to cover children up to 350 percent of poverty, which means \$70,000 of income for a family of four. And so we've been doing that very successfully for kids. But for parents, we haven't been very successful. We need to increase our partnership, meaning increase subsidies for people so they can afford to have this insurance and do the same thing. I think for business going forward...

ADUBATO: Do you see that happening, senator?

Sen. VITALE: I do.

ADUBATO: Do you see your colleagues on both sides of the aisle or enough of them to get 21 votes in the Senate, 41 votes in the Assembly and then Governor Corzine is prepared to come on board and sign that bill?

Sen. VITALE: Yes, I am. And I also, just let me weigh in on one last thing. I think that we need to have an employer sponsored plan where it is that the federal government, state government, can apply some of these S-CHIP dollars to another program to help employers. They'll be a means test, because I don't want to give, you know, a law firm with 15 employees who make \$300,000 a year each a subsidy.

ADUBATO: Meaning, you have to have a sense that financially they have a need.

Sen. VITALE: Yes, absolutely right. And then be able to help employers provide that insurance.

Ms. PERRY: But how do you determine that, senator? How will you determine who's in, who's out? I mean, I don't, you know, in other words, once I'm at C corp, I'm a C corp. I pay taxes just like everybody else, whether I have two employees or whether I have 20 employees.

Mr. STENGER: So do I.

Ms. PERRY: So I'm saying to you, how will that be determined who's in need?

Sen. VITALE: Well, I think--this is something we're developing. We'll have to develop sort of a means test. But maybe based on corporate income, based on what your need is, and do it in a way that's fair and equitable. We haven't vetted the details yet.

Ms. PERRY: Right, right.

Sen. VITALE: We haven't talked this through.

ADUBATO: But one second here, what would you want? Best case scenario, what would you want the state government to do?

Ms. PERRY: State--first of all, I don't think state government can do it, that's number one.

ADUBATO: You don't.

Ms. PERRY: I don't. I think it's going to be a privatization with businesses getting together and doing a share plan. That's what I think.

ADUBATO: Whoa, whoa, whoa! Back up. You're saying forget about government, let's do it ourselves?

Ms. PERRY: Oh yeah, absolutely. I think businesses...

ADUBATO: What are you going to do?

Ms. PERRY: Businesses are coming together now. We're pooling our resources together. We're going to programs like yourself and saying, 'Listen, if we come to you with 30 employees, OK, what can you give us for this?' Because if we wait for government, we'll be out of business.

ADUBATO: Is that reinsurance? I don't want to get this wrong.

Ms. STEARNS: Reinsurance...

ADUBATO: That's not reinsurance what Marjorie described?

Ms. STEARNS: No.

Mr. STENGER: No.

ADUBATO: OK.

Mr. STENGER: That's pooling.

Ms. PERRY: That's pooling.

ADUBATO: Talk about--I don't want--pooling.

Ms. PERRY: Pooling.

ADUBATO: Is pooling becoming more common?

Mr. STENGER: Pooling happens in about 38 other states in a small group market.

Ms. PERRY: Right.

Mr. STENGER: And we don't do it in New Jersey. It's something that should be on the table for discussion.

ADUBATO: Only 12 states don't pool aggressively. New Jersey is one of them. And pooling means that companies will come together and that together they have a larger group of potential people to be employed...

Ms. PERRY: Right.

ADUBATO: ...therefore can get a better rate? Am I getting that wrong?

Mr. STENGER: Well, it's a little bit technical, I don't want to get into that. But you're describing an association health plan where companies would form an association to get health insurance.

ADUBATO: What's pooling?

Mr. STENGER: Pooling is each firm is rated on its own, but there's some risk selection, where insurance companies can look at medical information--and they take everybody, they can't exclude anybody from the plan--but for the less healthy people they would rate up slightly to about 125 percent of the base rate.

ADUBATO: OK, I got you.

Mr. STENGER: So everybody gets coverage, but for the healthy, it's a little bit more reasonable, for the unhealthy, it's not unreasonable.

ADUBATO: But do you understand Marjorie saying, with all due respect to the senator who is a leading proponent, but he's still one vote, even though he's the chairman of the Health Committee in the Senate, she's saying, 'I appreciate it, senator, we'll do it ourselves.' Do you understand that?

Ms. STEARNS: And I hear that from my members frequently that they're skeptical that government, you know, sort of the idea, you know, of 'Knock, knock knock, I'm government, I'm here to help you.' I think most small businesses are going to be pretty skeptical of that. But what I think I hear from members is that, you know, universal coverage, the idea that everyone has health insurance, no one has a problem with that.

ADUBATO: One payer, universal coverage.

Ms. STEARNS: No. Not one payer.

ADUBATO: Didn't you say one payer?

Ms. STEARNS: No, I did not say one payer.

ADUBATO: Single payer system? Sorry, I thought I heard that.

Ms. STEARNS: No. No, it's the idea of everyone being covered, and everyone being in the system is a good thing.

ADUBATO: It's a good thing.

Ms. STEARNS: We want that. We want to see everyone covered.

ADUBATO: Right.

Ms. STEARNS: And then it also will help because if you only have older people purchasing coverage because a big chunk and the fastest growing piece of the uninsured are younger people, we want everybody in the pool because that helps the whole system.

ADUBATO: Well, that's great. But what...

Ms. STEARNS: But we're looking at things like...

ADUBATO: Finish your point. But I am going to ask what's wrong with universal system that's a single payer, the government.

Ms. STEARNS: Well, it is hard to imagine that that's going...

Ms. PERRY: That's going to happen.

Ms. STEARNS: ...to happen. You know, it's not something that New Jersey can do on its own. You know, it's something that would have to be done at the federal level.

ADUBATO: What about the federal government? This has been talked about for well over a decade. Hillary Clinton started the discussion when her husband was president. As we do this program, she's not yet. She could be, we don't know. That's not the issue. It's not about her. It's about the larger question of single payer system. Senator, at what point do we say to ourselves, you know what? We failed at every other effort to quote, unquote "reform" it. Why not do it? Are we that close or that far away?

Sen. VITALE: Well, I think we're somewhere in the middle. I think that we have to develop a program that actually defines the universal health care means. If it is single payer, it has to happen on a national level. We can't do it state by state. It's just not affordable for us.

ADUBATO: Is there--is there momentum, is there a movement, is there a desire to have a single payer system, federal government?

Sen. VITALE: I believe that there's a movement, there's desire, there's momentum to engage the federal government in fixing this problem. I don't know that the discussion is centered around single payer because that may not be the solution for America. It hasn't worked well in other countries. It's worked well in some, but not in many.

ADUBATO: But you talked about the Democrats before, and you believe that they're more sensitive than Republicans. People will decide for themselves.

Sen. VITALE: Sure.

ADUBATO: But if the Democrats take control of the White House, they have control of both houses of Congress, what's to stop them from having a single payer system? Last time around, when Bill Clinton was there, they didn't have that. They had Newt Gingrich and a Republican Congress. They said no. Why wouldn't the Democrats just go ahead and do it?

Sen. VITALE: As long as...

ADUBATO: Nancy Pelosi and the other Democrats?

Sen. VITALE: Let me tell you, as long as we have--contemplate and thoroughly study this and not do this by politics, by--you know, by sound bite, actually get into the weeds of how to get this done and make it right, you've got to then decide how is it that we will provide the care, not only are we going to pay for it, but how will people access the care? Will it be fair? Will it be equitable? Will people have access when they need it? In some country's that doesn't happen. So we are the wealthiest, most successful country, you know, on the planet, yet we have so many more poor health outcomes.

ADUBATO: What is it? Forty-four, 46 million Americans without health insurance?

Sen. VITALE: Yeah.

ADUBATO: Is it in New Jersey, over a million people, most of whom are employed, who do not have health insurance?

Sen. VITALE: A quarter of a million kids.

ADUBATO: At what point do we say--a quarter of a million kids--at what point do we say enough is enough?

Ms. STEARNS: See, I would argue that you need to look at it the other way and be realistic about New Jersey's system. Over five million people get their health insurance through their employer...

Ms. PERRY: Yes.

Ms. STEARNS: ...and that if we want to keep people covered, we need to make sure that coverage is still affordable for employers here in New Jersey.

ADUBATO: So help the employers.

Ms. STEARNS: In--Help, well, the employers plus the employees because at the end of the day, it is about your benefits package, so that, you know, people look at their most important benefit is their salary. But the next thing they look at is their benefits.

ADUBATO: Is that changing? By the way, stay on that because it's an important question to ponder. We've got to go take of some business right here. In about 30 seconds we'll be right back. We'll ask the question, do you want the money in your salary or would you rather take it in a better health insurance package? Stay right with us. We'll be right back.

Announcer: If you would like more information on this program or if you'd like to express an opinion, e-mail us at info@caucusnj.org and visit us on the Web at www.caucusnj.org.

ADUBATO: Welcome back. We're talking about health insurance, the rising cost and the impact on small business.

Senator, I just led out with this question, do you want this or do you want that? You said you shouldn't even have the choice.

Sen. VITALE: Well, I think what's happening, is if--and I think that this is a dynamic happening around the state, is that employers, small employers who are trying to make a living and support people are saying, 'Well, instead of us giving you a raise this year, we'll increase--we'll underwrite your health insurance and keep that at a healthy level.' But on the other hand, what that means, too, is that--so then their income has stayed potentially stagnant or flat or has not met the cost of living increase, so their disposable income, where they can use those dollars for in terms of rent, food and all these other things out there are less.

ADUBATO: But, senator, you understand Marjorie and her colleagues saying in small business, 'We don't have a choice. We don't want that to be the case.'

Sen. VITALE: I don't disagree with that.

Ms. PERRY: And by the way, I do both.

Sen. VITALE: I'm not saying that what you're doing is wrong.

Ms. PERRY: I actually do give them a raise...

Sen. VITALE: Good.

Ms. PERRY: ...because you can't keep good employees without giving them a raise.

ADUBATO: But it wouldn't be the raise that you would get.

Ms. PERRY: Inflation is still going on.

ADUBATO: Marjorie, excuse me.

Sen. VITALE: Of course.

ADUBATO: It wouldn't be the raise you'd otherwise give if you weren't struggling with this other question.

Ms. PERRY: Right. Because we're at the level we are.

ADUBATO: Do you--do you want a bigger state subsidy? I don't care what you call it. Do you want the state--by the way, which is big time financially strapped last time I checked and it's not going to change anytime soon. Are you saying, look, while we're doing our thing. We're going to pool, we're going to do our thing, just give us more money. Just give us a direct subsidy. Are you saying that?

Ms. PERRY: No. I don't think it's going to happen.

ADUBATO: You're not?

Ms. PERRY: I'm just not...

ADUBATO: How about a tax credit? How about a tax credit?

Ms. PERRY: Tax credit. Tax credit does.

ADUBATO: Do you like that?

Ms. PERRY: I like a tax credit.

Ms. STEARNS: In fact...

ADUBATO: I'll come back to you, Christine. Why do you like the tax credit?

Mr. STENGER: A tax credit is good because it makes it more affordable. It's, as the senator said, it's sharing between the private sector and the public sector, but not overtaking the private sector.

ADUBATO: What's a tax credit. Explain to people.

Mr. STENGER: A tax credit would be, they call it a refundable tax credit which means that people who don't even file an income tax return can get a tax credit each month as they're going to pay their premium, they will get this subsidy from the state.

ADUBATO: Right.

Ms. STEARNS: Mm-hmm.

Ms. STENGER: So it helps to subsidize the current cost.

Ms. PERRY: I like that.

ADUBATO: Can we afford that, senator?

Sen. VITALE: Well, I think--let me just say this, we can't afford not to.

ADUBATO: We're counting on you for straight answers.

Sen. VITALE: We can't afford not to do it.

ADUBATO: Say it again?

Sen. VITALE: We can't afford not to do it because we're going to drive people out of the insurance market. We're going to have more uninsured. Right now we spend nearly \$900 million a year on charity care for the uninsured.

ADUBATO: Explain that to folks. There are over, by the way, how many people right now, there are over one million people uninsured in the state?

Sen. VITALE: One point four million uninsured.

ADUBATO: One point four million. Now, many of those people will go to a

hospital, will go to an emergency room for their treatment. They get treated. By law, they have to be treated.

Sen. VITALE: That's right.

ADUBATO: Uncompensated care simply means someone who comes into a hospital for their health care, medical attention, they don't pay. Somebody has to pay. That number grows. What's the solution in New Jersey to deal with the so-called charity care uncompensated care problem?

Sen. VITALE: The solution and our solution we're developing is that we're going to have a system whereby we will really make insurance a personal mandate, but we're going to mandate it so that the insurance is, and design the product so that the insurance is affordable for everyone. So if you are eligible for family care, that will give you a subsidy. We will pay your health insurance. We'll kick in a few bucks. If you're Medicaid eligible, you probably pay nothing in terms of premium. But for the rest of them, for the almost 700,000 people who don't have health insurance in New Jersey, we will provide on a sliding scale some level of subsidy to make it affordable for them to purchase insurance in the individual market, a new market that we want to create. We don't want to compete with the small employer market, but there are a million people, most of whom--and the names change and the faces change over time...

ADUBATO: Right.

Sen. VITALE: ...but will never ever have access to the kind of health insurance that we all have. Never ever.

ADUBATO: Let me ask. We talked about this state subsidy.

Ms. STEARNS: Mm-hmm.

ADUBATO: We talked about the state tax credit. Do you see, beyond what the senator is saying, because you're down there in the legislature, do you see the senator's colleagues saying, 'We have to do this. We've got to get on this because we need to help small business stay in business and help their employees get the health care benefits they need.'

Ms. STEARNS: I do. Now more than ever legislatures are committed to addressing the issue of health insurance or even health care. It's a larger issue because, as legislators try and manage the budget, they're looking at what's happening with the state health benefits plan and it's making it much more real to them when we talk about the problems that small businesses are facing and dealing with the uninsured. I probably spend as much time working with folks on solutions to the uninsured as I do for trying to make health insurance affordable for small businesses because we pay, as a business community, one way or the other. It's, you know, charity care has been funded through the years with diversions from the UI fund. We pay...

ADUBATO: The Unemployment Insurance fund.

Ms. STEARNS: Unemployment Insurance fund.

ADUBATO: So the state has taken some money out of this pot, which you're not supposed to touch, the Unemployment Insurance fund. They go, 'You know what? We can't figure out how to pay for the people who go to hospitals, you know,

and don't have the coverage. Yeah, let's take some money out of there.' Which you're never supposed to do.

Ms. STEARNS: Which employers and employees pay into.

Ms. PERRY: Right.

Ms. STEARNS: And you know, the hospitals deserve the money and they need it, but also that when we go--we as those that are covered with health insurance, employers are purchasing coverage, we pay more when we go to the hospital to help fund the shortfall for the uncompensated care. So I look at it as it's critical to keep people insured and then to try to address the issue on the uninsured and...

ADUBATO: And the governor totally engaged here? The governor totally engaged in this conversation, understanding what's being said here? Is that what you see? You work in three different states.

Ms. PERRY: Definitely.

ADUBATO: Governor Corzine is.

Mr. STENGER: Absolutely.

ADUBATO: Let me ask you about people. The average consumer. To what degree, this is interesting. I don't think I was as aware of health insurance until a couple of years ago, we changed. I was under the state plan for many years as a faculty member at Rutgers, and I had that plan. It was a great plan. Everything. And then I got into the plan of our production company. Right? It's a smaller plan. It's not the New Jersey State Benefits Plan. I thought, you don't do dental? That prescription? And all of a sudden, my wife said, 'Didn't you realize how good that plan was?' And that's when I started paying attention.

Sen. VITALE: Mm-hmm.

ADUBATO: Question, do most of us really understand what it costs and how we, in fact, are part of the solution as well as the problem?

Mr. STENGER: I think the average consumer does not realize what it really costs to have health insurance or health care at this point because managed care got us--everybody used to the \$10 copay.

Ms. PERRY: Right.

Ms. STEARNS: Right.

Mr. STENGER: And nobody sees what happens behind the curtain after they leave the doctor's office and pay their \$10 copay. They have no idea what happens after that. That visit didn't cost \$10. It cost more like 80-\$100.

ADUBATO: But us knowing, Jim, us knowing more about the dynamics, what's going on behind the curtain, how does it help us as citizens be a part of the solutions that are necessary to help small business and the rest of us?

Mr. STENGER: Well...

ADUBATO: How do we engage in that? We know it. What do we do with that information?

Mr. STENGER: There's a tremendous movement towards what's called consumer driven health care, which is high deductible health plans coupled with what's called a health savings account, where the premiums in the plan will go...

ADUBATO: The president has talked about that.

Mr. STENGER: Yes, and it's in effect.

ADUBATO: Do you like that?

Mr. STENGER: Yes, we like them a lot.

Ms. PERRY: And we use that in our business.

ADUBATO: You like that, too.

Ms. PERRY: Yes.

ADUBATO: How does that work, real quick?

Mr. STENGER: Well, what happens is you have a high deductible plan where you don't give a \$10 copay when you go to the doctor, the first \$1,000 of your own health care you pay for yourself, like before managed care.

ADUBATO: Yeah.

Mr. STENGER: And the analogy I'd like to make is, when you buy a car, you get a warranty on the car. The warranty is your insurance policy in case your transmission falls out. A warranty on a car does not pay for an oil change. It doesn't pay to have your wiper blades changed. The routine little things that have to be done on a day-to-day basis, you fund yourself. We've gotten away from that in health insurance because of the \$10 copay mentality.

ADUBATO: But you'd like going back to that.

Mr. STENGER: I like going back to that because it'll cut down utilization. There's still wellness provisions built in.

ADUBATO: Whoa, whoa, whoa. It'll cut down utilization, meaning you're saying you think some people will go, 'Well, it's not under the plan. Maybe I'm not going to go.' That's not a good thing.

Mr. STENGER: Well, I'm talking about--I'm qualifying utilization by saying unnecessary utilization, which there's a lot of in the system.

ADUBATO: Your employees like this?

Ms. PERRY: Your--well, employees do like it because first of all, they can still do their GYN exams, they still can do their yearly medicals. But now they know, you want to eat better, you want to take the weight off. You want to think more about your health because that deductible's going to be \$1500.

ADUBATO: So you're finding that the more your people understand and are engaged and feel an investment in this as opposed to, 'Listen, I'm paying five

bucks or 10 bucks, what do I care.'

Ms. PERRY: Right.

ADUBATO: It's been better.

Ms. PERRY: It's been better.

ADUBATO: Senator?

Sen. VITALE: Well, I got to tell you, honestly, I think health savings accounts are President Bush's only solution to health care, and I think for the majority of New Jerseyans, working New Jerseyans, at the end of the day, they really don't work in a better system.

ADUBATO: Wait, you're against the health savings plans?

Sen. VITALE: For low to middle income families, I don't think they work generally across the board. If you're going to have a high deductible policy where someone needs emergency care, someone needs to expend those kinds of dollars before their insurance policy kicks in, they don't have that kind of money. And even if it is that for those who are making a better dollar and can afford to put--sock some money away for their catastrophic piece, the day-to-day care, I don't think is going to be adequate. And for people, I can tell you, I don't know anyone...

Ms. STEARNS: But, senator, there's...

Sen. VITALE: I don't know anyone who overutilizes it. There may be some who overutilize health...

ADUBATO: A couple of minutes left.

Sen. VITALE: I don't think people overutilize health care.

ADUBATO: I'm just wondering if we have the luxury to be against anything right now. Go ahead.

Ms. STEARNS: I think that the senator and I agree to disagree on this one.

Ms. PERRY: Yeah.

Ms. STEARNS: But we believe that what businesses and what employees, what people need are lots of different choices.

Ms. PERRY: Yes.

Ms. STEARNS: And that we need more flexibility in the small employer market. We need to figure out--and there are some plans under way to try to reduce premiums.

Ms. PERRY: Mm-hmm.

Ms. STEARNS: We need to think about tax incentives, whether they're the credit to help encourage help people.

ADUBATO: Or direct subsidies.

Ms. STEARNS: Direct subsidies.

ADUBATO: No--Chris, are you saying no one magic bullet, no solution here.

Ms. STEARNS: No.

ADUBATO: So you think the senator's wrong by saying that the president's idea on these health savings accounts, bad idea. You're saying we don't have that luxury to pick out any one of them because it gives people a choice.

Ms. STEARNS: The problems are extremely complex, and we, you know, we haven't even touched on the health care system and the quality, that we need to try to increase quality because that's--getting the right care the first time, cuts down on costs.

ADUBATO: Senator, I've got about 30, 40 seconds left. Do you get that some people are saying, 'Come on, we can't say anything's off the table.'

Sen. VITALE: No. I don't think anything's off the table, but I think that there is a better way. And because government has failed in the past doesn't mean we can't the solutions going forward.

Ms. PERRY: Not alone.

Sen. VITALE: Not alone. We've engaged the business community. We've engaged the underwriting community. We've engaged employers. I've had sensing meetings with dozens of people from every walk of life in Trenton that health care effects.

ADUBATO: Respectfully, senator, this is not about you, it's more about your colleagues and you know that.

Sen. VITALE: Well.

ADUBATO: You can only do so much as the chairman of that committee.

Sen. VITALE: Uh-huh.

ADUBATO: You're not controlling all the votes, you don't sign the legislation.

Sen. VITALE: Right.

ADUBATO: That's what I think people are responding to, not you.

Ms. PERRY: Yeah.

Sen. VITALE: That's OK, because my colleagues, those with whom I've had a conversation, the members of my committee, both Democrats and Republicans, are intrigued with what I want to do.

ADUBATO: Ten seconds left. Final words, Marjorie.

Ms. PERRY: Just want to say to you that our employees do have choice. So if they can't do high deductible because they have a health care issue, they don't take that. So that's what our plan gives them.

ADUBATO: We'll keep talking off the air, go ahead.

Ms. PERRY: So that's what, so I want you to...

Announcer: If you would like more information on this program or if you'd like to express an opinion, e-mail us at info@caucusnj.org and visit us online at caucusnj.org.

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