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Alexandria McMillan

Age: 22

Alexandria is an FSU graduate who majored in Political Science/Public Administration. Her hometown is Jacksonville, N.C. She graduated from Southwest High School. She serves as Assistant Residence Director for Student Life and was founder of the ABLE Builds Leadership and Excellence organization. She is a 3rd year Orientation Leader. Her goals are to pursue a career in student development.

Yolanda Melvin

Age: 34

Yolanda is a sophomore majoring in Elementary Education and Psychology. Her hometown is Fayetteville, N.C. and she graduated from E.E. Smith High School in 1975. She is a non-traditional student with 3 teenage children. She is involved in the University Choir and Psychology Club. Her hobbies include reading and singing. She is a 1st year Orientation Leader.

Donald Moore

Age: 20

Donald's hometown is Wilmington, N.C. and he graduated from E.A. Laney High School. He is a junior Speech Communication major.

Richard Sumpter

Age: 21

Richard is a senior majoring in Political Science/Public Administration. His hometown is Charlotte, N.C. and he graduated from West Charlotte Senior High in 1988. His accomplishments include: Kappa Alpha Psi president and Dean of Pledges, Attorney General of the Student Judicial Board, former Freshmen class president, former program director for SGA, NAACP, SAAP, LEEP, and Resident Assistant for 2 years. He is a 3rd year Orientation Leader. His goal

is to become president of a university.

Claude Wilson

Age: 25

Claude is a junior majoring in Business Administration/Economics. He is a graduate of John Ehret High School in his hometown of New Orleans, LA. He works in the Veterans Affairs Office. He is a veteran of 82nd Airborne Division and a 1st year Orientation Leader.

- Division of Student Affairs

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Consequences of lack of coverage

Every American without health insurance coverage is an American tragedy waiting to happen. In today's world of expensive health care, an illness can easily lead to medical and hospital bills that mean financial ruin for the average family.

According to the Robert Wood Johnson Foundation, fifteen million Americans are denied health care every year because they cannot pay - either because they are turned away or because they do not even seek care they need, because they know they cannot afford it.

Health care costs are out of control

Health care costs in the United States were \$676 billion in 1990, and continue to rise at double-digit rates each year. If costs continue to increase at current rates, the U.S. will spend more than one trillion dollars annually on health care before the end of the century. In 1965, total health spending equalled less than 6 percent. This figure has grown to 12 percent today.

This explosion in health care costs threatens to price health care out of the reach of

the average American family and burdens American businesses struggling to compete in world markets. The United States spends more per person on health care than any country in the world - 40 percent more than Canada; 90 percent more than West Germany; and more than twice as much as Japan. Last year, the health care costs of large American businesses rose an average of almost 22 percent. It is no wonder that in 1990, 78 percent of labor disputes centered around health benefits.

Rising health care costs burden businesses of all sizes. Business spending for health services as a percent of corporate after-tax profits has soared from 14 percent in 1965, to 45 percent in 1980, to over 100 percent in 1989.

An increasing portion of family budgets is going to pay for health care. Between 1980 and 1990, out-of-pocket expenses rose 157 percent (excluding the cost of employee premium contributions), from \$63 billion to \$162 billion.

According to a survey conducted by Foster Higgins, an employee benefit consulting firm, the average cost of health coverage jumped from \$2,600 per employee in 1989 to over \$3,100 in 1990. Continuing at this rate, the average health premium will top \$22,000 per worker by the year 2000.

The health care cost problem has four parts:

(1) **Cost-shifting.** Those who buy health insurance pay too much because others do not pay their fair share. The cost of health care for the insured is 10 to 15 percent higher than it would be if everyone had coverage, because the cost of care for the uninsured is passed on in the form of higher

premiums and charges to those who can pay.

(2) **Unnecessary care.** Studies by the RAND Corporation have shown that as much as 15 to 30 percent of medical procedures are unnecessary. Studies of care under the Medicare program also show substantial amounts of unnecessary care. The threat of malpractice litigation is one factor that may encourage providers to practice "defensive medicine" involving unnecessary tests and procedures.

(3) **Excessive administrative costs.** Small businesses pay a high price for health insurance. Administrative and marketing costs are excessive for small business. The extra costs to the system of forcing hospitals and physicians to deal with 1200 separate insurance companies with different forms and procedures leads to billions of dollars a year in waste.

(4) **Open-ended reimbursement to providers.** Because market forces in health care are weak, patients and insurance companies often pay whatever providers charge. The lack of incentives to keep charges and costs down has contributed to the explosive growth in health care expenses.

Special problems of small business

Small businesses face severe problems, because the health insurance system for them is in a state of collapse. Prices are much higher, because insurance companies keep 25

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