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Guest Notebook

## Think Health Care isn't in Crisis? Try Paying for a 40 Percent Premium Hike

Baltimore Business Journal - by [Drew Greenblatt](#)

### DEFLATING ECONOMIC RECOVERY & SOME EFFECTIVE CURES

The Healthcare "Crisis" may be just a newspaper story to you, but it is threatening my company's financial health. Despite having a pretty young average age (35 years old) for my employees and a modest claims history, [MARLIN STEEL WIRE PRODUCTS](#)'s health insurance premiums are going up a staggering 40%.

How can this be? Did my doctor raise his prices 40%? Did the nurses get raises in salaries of 40%? Did all the Baltimore hospitals and pharmacies raise their prices 40%? Is everyone in my company 40% more likely to get sick this year?

For my [factory in Baltimore](#), this unreasonable increase is the equivalent of my hiring another person this year only to have them sit in a corner and not help us weld wire baskets. To put it another way, we have to grow 15% this year (in a tough economy) to make up for the increase or else we have to cut back on employees. These are not good choices. And I am not alone. Every small business is going through this wrenching dilemma. Now is the time we want companies hiring more people - not laying them off because of health insurance cost increases.

What in the world is going on? The medical system in the USA is out of control. This turmoil is forcing employers to rethink hiring more people and inhibiting us from giving more generous benefits. Instead of accepting the terrible situation, we need to fix the health care system or we will force small business not to hire more people and push manufacturing to China.

Here are some easy steps that will reduce the cost of medical care in the USA without any increase in taxes:

- 1) Tort reform – my friend is a brilliant, meticulous surgeon. Dr. S pays over \$200,000/year in malpractice insurance. To recover that cost he raises his fees. The insurance company passes on this increase and then raises their fees. We should cap the amount of court room awards at a reasonable amount so that doctor’s insurance premiums will come down and they will stop ordering unnecessary tests to protect themselves from in a lawsuit. We should use the workman’s compensation model in every factory. No preventive damages, no contingency fees for lawyers, no malpractice insurance, and no health insurance sky rocketing.
- 2) Regulations – Our state has to reduce the number of mandates that a health insurance company must offer. This drives up our costs. It’s easy for politicians in Annapolis or Richmond to tell insurance companies how to run their business. Don’t they know it’s also easy for local companies to move their factories to China where the costs are lower?
- 3) Pools – allow my company to join other companies throughout the nation to band together to negotiate with the big insurance companies. Rather than negotiating on behalf of my 28 employees, I would like to negotiate on behalf of one thousand times as many employees. Then we will get a better deal.
- 4) Competition – Let me buy insurance from any insurance company in any state. I am free to buy steel from any mill in the world. Why can’t I buy health insurance as freely?
- 5) Deductible for Individuals – why should businesses be allowed to write off health insurance expenses but not individuals? The tax code discourages individuals from insuring themselves. This tax disadvantage increases the number of uninsured people in our nation. That adds to the costs for hospitals which are obligated to treat uninsured patients. Those costs are passed on to insured folks like MARLIN STEEL WIRE PRODUCTS.
- 6) Allow Insurance Companies to charge less for non smokers and skinny people because they are less of a risk. Convicted drunk drivers pay more in car insurance; why shouldn’t a three-pack-a-day cigarette smoker pay more health insurance? They are a greater risk.

Making these modest changes will promptly create an “ecosystem” where prices drop. Costs drop (malpractice, regulations, “fat-smoker penalties”), competition increases (pools, cross-state lines), and enrollment rises (tax deductibility). Most importantly, there will be jobs saved at my shop and, more broadly, the American economy will have a shot for a faster comeback.

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