STATEMENT OF PRINCIPLES
AND RECOMMENDED PRACTICES
FOR CORPORATIONS ON DOMESTIC
HEALTH ISSUES

Inspired by Faith, Committed to Action

INTERFAITH CENTER ON CORPORATE RESPONSIBILITY
About these Principles

These principles are an articulation of our positions on corporate responsibility regarding domestic health care, along with our recommended best practices. We welcome affirmation of these principles and practices by all stakeholders.

Interfaith Center on Corporate Responsibility
Working Group on Domestic Health Care
July, 2015
The credibility of a healthcare system is not measured solely by efficiency, but above all by the attention and love given to the person, whose life is always sacred and inviolable.

Pope Francis [2013]

The health of a society is truly measured by the quality of its concern and care for the health of its members... The right of every individual to adequate health care flows from the sanctity of human life and that dignity belongs to all human beings... We believe that health is a fundamental human right which has as its prerequisites social justice and equality and that it should be equally available and accessible to all.

Imam Sa’dullah Khan, The Islamic Center of Southern California

To be without health insurance in this country means to be without access to medical care. But health is not a luxury, nor should it be the sole possession of a privileged few. We are all created b’zelem elohim -- in the image of God -- and this makes each human life as precious as the next. By ‘pricing out’ a portion of this country’s population from health care coverage, we mock the image of God and destroy the vessels of God’s work.


Of all forms of inequality, injustice in health care is the most shocking and inhumane.

Rev. Dr. Martin Luther King, Jr.

Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

Article 25 of the U.N. Universal Declaration on Human Rights

As of March 2015, over 16 million uninsured individuals have gained health coverage through Medicaid expansion, state and federal marketplace exchanges.

Continuing to Reform the Health Care System

Since the Affordable Care Act (ACA) was enacted in 2010, our nation has moved forward in providing accessible, affordable, quality health care. As of March 2015, over 16 million uninsured individuals have gained health coverage through Medicaid expansion, state and federal marketplace exchanges, and coverage for young adults up to the age of 26 by the parent’s policies. Efforts to improve consumer protections, lower health care costs and improve quality are well underway.
While the accomplishments are significant there is still much that needs to occur.

- Millions of people continue to lack access to affordable health care coverage.
- Over 20 states have yet to expand Medicaid coverage for those persons who are most vulnerable.
- The costs of health care for individuals, businesses and the nation are significantly higher and continue to escalate at a greater rate than in other developed countries.

Despite the tremendous progress made, access to health care, cost containment, values-based health services and the creation of a truly sustainable, affordable and accessible delivery system remain a daunting challenge. Because the private sector plays such a significant role in health care, shareholder efforts and corporate engagement are crucial to continue the transformation of the nation’s health care system.

As faith-based investors, we advocate for corporate and systemic reforms that will improve access and affordability of health care for all, especially for those persons who are most vulnerable. We believe corporations have an important role to play in responding to the health care disparities in our country.
ICCR’s Principles for Health Care

Consistent with the teachings of our faiths and our commitment to social responsibility and business sustainability, ICCR members were led to issue the following Health Reform Principles over seven years ago. They continue to guide and inform our work with corporations in the pursuit of a better health care system in the United States.

• **Health Security**: A beneficial health care system guarantees affordable quality health care for all.

• **Access**: An effective health care system assures each individual, regardless of health, race, ethnicity, immigration or socio-economic status, a set of portable and comprehensive core benefits sufficient for physical and mental health.

• **Quality**: A comprehensive health care system promotes high quality care through the re-alignment of incentives as well as through care design and coordination to:
  • Improve health outcomes;
  • Improve patient safety and satisfaction; and
  • Provide evidence-based practice and investments that will enhance outcomes and the health of the population.

• **Accountability**: All stakeholders (individuals, providers, businesses, non-profits, governments) are accountable for the integrity, viability, and cost containment of the health care system.

• **Equitable Financing**: All stakeholders share responsibility for equitable financing of the system so that health care is affordable for all.

Many industry leaders, trade associations, and individual corporations have affirmed these or adopted similar principles and have pressed for genuine and substantial reform of the U.S. health care system.

We re-affirm these Principles, and call on companies and business leaders to publicly commit to build on the benefits of the Affordable Care Act as well as work toward and advocate for greater inclusion and participation of all to achieve the desired outcomes of a healthier society and an affordable health care system.

Achieving the goal of providing affordable, quality health care for all is a shared responsibility in our society. ICCR members will continue engaging companies to improve through practices to advance the goals of health reform.
We engage health insurance companies, medical device companies, pharmaceutical companies, health care providers, and large employers in the restaurant and retail sectors that employ mainly low-wage workers to continue advancing the goals of health reform and to demonstrate corporate responsibility in addressing the following issues:

Health Insurance

The Uninsured: Most of the uninsured are in low-income working families. In 2013, nearly 8 in 10 of the uninsured were in a family with at least one worker, and more than half had family income below 200% of the federal poverty level. Because of the limited availability of public coverage, adults are more likely to be uninsured than children. People of color are at higher risk of being uninsured than non-Hispanic whites.

Employer-Sponsored Coverage: Although employer sponsored health insurance is a major component in our quest for health care for all, the percentage of Americans who receive health insurance through employers has fallen over the last decade. Unfortunately part-time and low wage earners are disproportionately impacted. Employers in the retail and service sectors tend to have high proportions of workers who fall into these categories.

Cost of Health Insurance: Annual premiums for both employer coverage and marketplace premiums increased at a modest rate of 3% from 2013 to 2014, which is well below the double-digit increases recorded in the early 2000s. Enrollees in individual insurance policies are frequently surprised to find that their health care costs are not covered sufficiently by their health insurance policy. While the initial premium may seem reasonable, co-pay and deductible costs may shock or surprise patients when, for example, providers are declared out of network or when all the drugs for their condition are in the most expensive tier.

Administrative Costs: One factor impacting the level of premiums is the cost of administering a health plan. The bulk of these costs do nothing to improve the provision of health care. Some administrative costs, such as those for customer service, vary with the number of enrollees in a plan while others such as those for sales and marketing efforts are more fixed. As a result of economies of scale, the average share of the policy premium that covers administrative costs varies from about 7% for employment-based plans with 1,000 or more enrollees to nearly 30% for policies purchased by very small firms and by individuals.

Recommended Practices

• All companies, and especially those with many part-time employees in the retail and service sectors, should offer employer-based coverage or assistance with obtaining affordable options for health insurance.
• Health insurance benefit models, provider networks, and payment models should be redesigned to increase access, limit premium increases, and make total health care costs and plan benefits more transparent and understandable to the consumer.
• Health insurance administrative costs should be limited to no more than 15% of total premium costs, with a goal set for 10% of premium costs by 2020.
• Support Medicaid expansion in those states that have opted out.

Pharmaceutical Companies

Patient Assistance Programs: As more people have health care coverage, fewer people are enrolling in Prescription Assistance Programs (PAP). Pharmaceutical companies have made efforts to inform patients about expanded Medicaid (where applicable) and health insurance exchanges. It appears that different companies have different eligibility requirements for PAP participants, which raises concerns that people may not have access to the medicines they need.

Pricing: Patients, doctors, insurers, and government programs such as Medicaid and Medicare have raised concerns about the exorbitant costs of many new specialty medicines. High drug prices have practical effects on people's lives and are a key factor in patients not filling prescriptions and adhering to treatment. For example, 2.3% of prescriptions filled in 2013 accounted for 30% of patient out-of-pocket costs. There are reports of state Medicaid programs denying patients access to a new drug that cures Hepatitis C because the cost can overwhelm state health budgets.

Demonstrating Value: A number of pharmaceutical companies are emphasizing more targeted research and development for specialty medicines. Companies are under increasing pressure to demonstrate the value of these new medicines through conducting comparative effectiveness research and being transparent about their pricing strategies.

Genéricos: Generic medicines accounted for over 80% of all outpatient prescriptions in 2013 and play an important role in the U.S. health system by lowering health care costs and providing patients a greater ability to adhere to treatment. In recent times, prices of some generics have increased hundreds-fold, which led Congress to conduct a hearing in November 2014 to discuss why these price increases are occurring.

Recommended Practices

• Ensure that the business model focuses on increasing access to medicines and meeting unmet needs.
• Demonstrate concrete actions to substantiate patient outcomes associated with the use of prescribed medicines, and apply comparative effectiveness data.
• Provide greater transparency of drug pricing strategies and develop innovative pricing approaches.
• Ensure Prescription Assistance Programs (PAP) do not require evidence of citizenship.
Medical Device Suppliers

**Pricing:** Recent analyses by respected journals document lack of cost transparency because sellers of medical devices seek to limit disclosure of prices. Policy makers have even proposed legislation to require price disclosure. This secrecy is partially a consequence of the unique hospital-physician relationship but it leads to inadequate research on clinical effectiveness and even unethical contracting and selling practices.

**Medical Device Tax:** Some manufacturers continue to lobby against the IRS-imposed excise tax on sales of taxable medical devices, which was initially agreed to as part of the medical device sector’s contribution toward the costs of the ACA.

**Coordination of Care:** Medical devices are one element of an entire episode of patient care. The sector has not fully explored the opportunities that may emerge through their participation in comprehensive systemic reviews or comparative effectiveness studies to demonstrate the value of the devices.

**Recommended Practices**

- Pursue a more transparent pricing strategy that competes on product and service quality.
- Adopt an efficient delivery model based on outcomes and wellness.
- Discontinue lobbying, either direct or through trade associations, for elimination of the medical device ACA excise tax.
- Implement company donation programs for indigent patients.

Health Care Providers

Doctors, hospitals and other providers face the challenge of operating in a fragmented health care system, as they work to create more efficient and effective structures. Hospital costs amount to approximately one-third of total health care spending. Providers struggle with transparency issues regarding the cost of medical procedures, medical errors, and innovative approaches to care delivery. There are limited opportunities for shareholder engagement because the majority of providers are not publicly traded.

**Outcomes-Based Care:** Shareholders encourage providers to continue to transition from volume-based measures to value-based care.

**Electronic Health Records:** As a result of the ACA, there is greater movement to electronic health records and IT technology. Advantages include higher quality care, improved care coordination, greater patient participation, and enhanced medical practice efficiencies and cost savings. Similar to other industries, the potential for security and privacy breaches are a concern.

**Recommended Practices**

- Pursue transparent disclosure approaches to quality and cost data.
- Adopt recognized best practices by using evidence-based information to develop operational service models.
- Create infrastructure and practices to safeguard security of private information.
Corporate Influence

Undisclosed corporate spending through political organizations and trade associations could prove to be supporting policy objectives that are in direct conflict with a company’s stated mission of supporting health care reform. Absent a system of accountability, we believe these undisclosed contributions may pose a reputational risk that will negatively impact shareholder value. Major trade associations as well as organizations such as the American Legislative Exchange Council (ALEC) and the Competitive Enterprise Institute (CEI), funded by many health care companies, are examples of groups that seek to challenge the Affordable Care Act.

Recommended Practices

- Disclose all lobbying efforts, direct and indirect (e.g., trade association contributions), and political contributions.
- Ensure alignment between the corporation’s position to advance health care reform and the actions of external political organizations and associations that the company supports.

We call upon the companies we hold, investor organizations, faith-based communities, health care systems and all our allies to share in the responsibility of providing affordable health care for all Americans.