

National Coalition on

BENEFITS

September 29, 2009

Members of the Senate Finance Committee:

We are writing as members of the National Coalition on Benefits (NCB) to express our opposition to Sen. Wyden's (D-OR) C1 amendment to America's Healthy Future Act. We believe that, if adopted, the amendment would have a major adverse impact on employer-sponsored health coverage.

The NCB agrees that we do need changes and improvements in our health care system. Comprehensive health care reform is essential for the long-term vitality of the U.S. economy. But, change must not erode those parts of the health care system that are working. The core provision of the Wyden Amendment would cause large scale disruption in the source, financing, and regulation of the employer-sponsored health coverage that now serves most Americans.

The Wyden amendment would require employers who sponsor employer health plans to also offer their employees a voucher to leave the plan and go into the newly created exchanges. In effect, employers would be required to both "play and pay" for those employees who opt-out of their employer-sponsored plan and obtain coverage elsewhere.

This would result in widespread and sudden disruption in employer-sponsored health coverage. As some employees elect the voucher, those who choose to keep what they have will likely face higher premiums, reduced innovation, and/or lower benefits. The employer will face a diminished risk pool, the requirement to fund those both in and out of the plan, and a loss of flexibility to design plans that are cost-effective across their entire workforce. In addition, this provision would fragment an employer's workforce into a multitude of different plans, undermining employers' efforts to leverage their purchasing power to obtain the best possible coverage at the most affordable rates for their employees and fundamentally frustrate employers' attempts to administer integrated health improvement strategies such as disease management programs and care coordination initiatives.

The Wyden Amendment fundamentally alters the primary roles and incentives for employers to serve as sponsors of uniform benefit plans for their employees. It would likely harm employer-employee relations because most employees have a longstanding expectation that their employer will be their primary source for health coverage.

Sincerely,

American Benefits Council
Business Roundtable
The ERISA Industry Committee
National Association of Manufacturers

National Business Group on Health
National Retail Federation
The U.S. Chamber of Commerce