

National  
Coalition on

# BENEFITS

June 9, 2009

The Honorable Speaker Nancy Pelosi  
Speaker of the House of Representatives  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Mitch McConnell  
Senate Minority Leader  
U.S. Senate  
Washington, D. C. 20510

The Honorable Harry Reid  
Senate Majority Leader  
U.S. Senate  
Washington, D.C. 20510

The Honorable John A. Boehner  
House Minority Leader  
U.S. House of Representatives  
Washington, D. C. 20515

Dear Madam Speaker, Senator Reid, Senator McConnell and Representative Boehner:

The National Coalition on Benefits (NCB) is comprised of over 185 employers, associations and other organizations representing employers that offer health benefits to their employees and other beneficiaries. Voluntarily providing health care to more than 170 million Americans, employers are leading the way in helping to improve our health care system. While firmly committed to helping workers and their families meet their health care needs, employers are also struggling with health care costs, especially in this economically challenging time.

The NCB supports health care reform that improves health care quality and reduces costs. We believe that individuals should have the responsibility to obtain health insurance and the health care delivery system should be improved through measures such as value purchasing, wellness and prevention, health information technology, and comparative effectiveness research that does not result in rationed care.

Healthcare reform must have at its foundation an effective a strategy to control costs. As President Obama has said, "Soaring health care costs make our current course unsustainable." We completely agree. Unfortunately, we are concerned that emerging legislative proposals do not provide meaningful cost savings for the overall health care system, especially in the near term. In a well intentioned effort to expand coverage, cost containment has not received the priority it demands.

Over the course of the past two years, employers have worked to make clear the five fundamental issues that health care reform must properly address to preserve the employment-based system and lead to our support. To date, we have not seen legislative proposals where each of these core issues has been adequately resolved.

As Congress moves closer to formal consideration of legislation, we want to continue to work with all Members of Congress to enact reforms that not only allow Americans to keep the coverage they have today if they like it – and for most Americans, that means their employer-based coverage -- but makes it possible for them to count on it being there tomorrow when they need it.

### **ERISA**

We continue to strongly support the flexibility that ERISA provides in the offering of employer-sponsored health insurance coverage. If the objective is to build upon the employer-based system that successfully covers more than 170 million Americans, then employers must have the ability to determine how best to meet the needs of their employees and retirees. Additionally, allowing states or localities to require employers to comply with various mandates would further raise employer costs, stifle innovation in employer-sponsored coverage and result in unequal benefits for employees.

But simply retaining the federal framework is not sufficient if onerous or impractical requirements are added to ERISA itself. Since a fundamental tenet of health care reform is to allow Americans to keep the coverage with which they are satisfied, legislation should not include changes to ERISA or other laws that would risk hurting those who are highly satisfied with the health care coverage that they currently receive.

### **Employer Mandate**

We are gravely concerned about proposals that would limit the flexibility of employers at a time when our country needs employers to create jobs and invest in future growth. Employer mandates of any kind, including requirements to “pay or play” are not the answer to the healthcare problem because they undermine our ability to address two key goals of health reform: coverage and affordability. In fact, mandates limit the flexibility and innovation that serves as the foundation of voluntary employer provided health care.

This voluntary and flexible system has worked for over six decades and today provides the backbone of the coverage model for over 170 million Americans. Weakening this system would undermine the very goal we are trying to accomplish - making insurance more accessible and affordable for those who do not have health insurance. Most significantly to employers - mandates fail to address the shared problem facing all employers – the soaring cost of health care

### **Mandated Minimum Benefit**

Any minimum standards for benefits need to be affordable for individuals and taxpayers. Individuals should be able to determine the level of benefits they need and can afford for their family. Employers must also be able to continue to design the benefit plans that make sense for their workforce and consider the full range of health plan options available in a reformed health care market.

**The Public Plan**

A public plan, particularly combined with the impact of Medicare, Medicaid, and other public plans, cannot operate on a level playing field and compete fairly if it acts as both a payer and a regulator. The public plan's unfair competitive position, both by its size and regulatory authority, will merely shift additional costs to the private sector and employees covered by private plans.

A public plan that would use government mandated prices would directly result in a cost-shift to other payers and thus would do nothing to address the underlying problems that make health coverage unaffordable for many. Improving the cost, quality and the efficiency of health delivery are key imperatives for reform.

We already experience that cost-shift today as Medicare, the largest payer in the United States, consistently underpays providers. Employers and our covered employees and families also see higher price tags in their medical plans because Medicare and Medicaid payment rates are set by law and are comparatively lower than rates for employer-sponsored group health plans. It is no secret that providers receive much higher payments from private insurance plans than from public plans.

**Tax Exclusion**

Changes to the taxation of employer-provided health care are also not the answer to health care reform. These policies would increase employer and employee costs and could have a chilling impact on the part of our health care system that provides coverage to all-comers at a community rated premium irrespective of health risk or preexisting conditions. Moreover, it is important to recognize that employers and employees are already paying the largest share of health care costs in this country. As a result, we believe that savings achieved lowering health care costs and improving quality should continue to be the first and foremost sources of financing for health care reform.

In summary, we remain concerned about any provisions that would make health care more costly for employers and employees, destabilize our employer-based system of health coverage, or restrict the flexibility of employers to provide innovative health plans that meet the needs of their employees.

We look forward to working with you to advance health care reform this year.

Sincerely,

The Steering Committee of the National Coalition on Benefits