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Conner predicts farm bill
finish by Jan. 1, P 20



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Politics is deep-rooted
family business for
Dan Tate Jr., P 22

BUSINESS & LOBBYING

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BOTTOM LINE

- **AVIATION.** Ogilvy Government Relations is lobbying for the United Parcel Service on issues "related to the Federal Aviation Administration reauthorization." Firm founder John Green, a former House and Senate Republican aide, is representing UPS.
- **ENERGY.** The FutureGen Industrial Alliance, a consortium of companies helping the government develop a non-polluting coal-fired power plant, hired Gephardt Group to lobby Congress on funding for carbon-capture technology, Senate records show. The lobbyists for the Alliance include former House Democratic leader Dick Gephardt (D-Mo.), Sharon Daniels, Michael Messmer and Thomas O'Donnell.
- **The Iowa Stored Energy Plant Agency,** a group of municipal utilities supporting a renewable-based energy storage project, hired Liebman & Associates to lobby on energy and environmental issues, Senate lobbying records show.

Who's won which accounts

- **The American Petroleum Institute** hired Cumberland North America to lobby on energy issues.
- **FINANCE.** America's Community Bankers hired Bartlett Bendall & Kadesh to lobby on "overdraft protection for sub-prime lending credit unions," according to lobbying records.
- **HEALTHCARE.** Capitol Associates is lobbying for the National Organization of State Offices of Rural Health, Senate lobbying records show.
- **IMMIGRATION.** The Asian American Hotel Owners Association hired Patton Boggs to lobby on immigration reforms and employer-verification issues, according to Senate lobbying records.
- **LOCAL GOVERNMENT.** Allen Freemyer is lobbying for Eagle Mountain, Utah.
- **RENEWABLES.** Symmetrix is lobbying for the Ocean Renewable Energy Coalition, Senate records show.
- **TAXES.** The Gallatin Group is lobbying for Stimson Lumber Corp. for "biomass production tax credit parity," according to Senate lobbying records. Sara Bartles, Joseph Hardy and Dan Lavey at Gallatin are lobbying for Stimson.
- **TRADE.** King & Spalding is lobbying for Renfro Corp., a sock manufacturer, on trade issues, according to Senate lobbying records. The lobbying team includes Daniel Hickey, a former deputy assistant secretary for government affairs at the Department of Transportation.

Big Business launches healthcare lobby group

By Jeffrey Young

As state legislatures, Congress and the presidential candidates turn up the volume on national healthcare reform, more than 50 of America's largest corporations and most powerful lobbying organizations are joining forces in a campaign to protect their stake in the status quo.

The newly formed National Coalition on Benefits will spend the next two months working to convince members of Congress that the health benefits they provide their workers, through a federal exemption for state insurance regulations, are an essential component of the current system that should not be undermined in any reform initiatives.

The corporations making up this umbrella group include some of the largest employers in the country, from AT&T to Xerox; trade associations, such as the U.S. Chamber of Commerce and the Business Roundtable; and health insurance companies like Aetna and UnitedHealth Group.

"Our statement is: This is the one part of the healthcare system that's working," said Andrew Mekelburg, vice president of federal government relations for Verizon Communications.

With healthcare reform shaping up to be the No. 1 domestic issue in the 2008 presidential race, these employers wanted to make sure they had a seat at the table when the real legislative efforts begin.

"Because of the activity in the presidential campaign, that is one of the reasons we wanted to form the coalition now," said Annette Guarisco, executive director of federal affairs for General Motors. "A lot of this is putting a marker down," she added.

Under the Employee Retirement Income Security Act of 1974 (ERISA), companies that bear the full costs of their health benefits, as opposed to purchasing an insurance package for their workers, are exempt from state regulations of health insurance. Most large companies offer ERISA-regulated health plans because, among other reasons, this approach permits the companies to offer uniform benefit packages to employees in all 50 states. Otherwise, the firms would have to comply with varying insurance requirements, such as mandates that certain services be covered, from state to state.

"The law prevents states from designing a benefit package for us," explained Guarisco. "We want to have the same level of coverage for everybody," she said.

Although the coalition representatives said they do not plan to offer a broad reform proposal of their own and would not comment in detail on the ideas promoted by individual presidential candidates, Mekelburg noted that proposals from both parties could create issues for firms

NATIONAL COALITION ON BENEFITS MEMBERS



at&t



CATERPILLAR



WAL★MART

that provide ERISA benefits.

Democratic candidates such as Sen. Hillary Rodham Clinton (N.Y.) and former Sen. John Edwards (N.C.) have proposed requiring individuals to purchase coverage and/or requiring employers to provide it. Republican candidates such as former New York Mayor Rudy Giuliani and former Massachusetts Gov. Mitt Romney have called for changing the tax treatment of health benefits and for greater state flexibility.

Either of these approaches could include changing ERISA, Mekelburg said. "Both of them aren't quite the right answer."

Although "ERISA pre-emption" of state regulation is still current law, these large employers have grown concerned that state efforts to provide universal coverage and the gathering momentum for national health reform evident in the presidential campaign could lead Congress to look at weakening the protections they enjoy under ERISA.

Any state-based attempts to establish benefit or coverage requirements for all residents or require all employers to either offer benefits or pay into a funding pool for the uninsured could run afoul of ERISA.

"We're trying to make sure that ERISA stays where it is," said Martin Reiser, Xerox's manager of government policy and the chairman of the new coalition. "We are going to, over the next 30 to 60 days, have a big lobbying push," he said.

Two "seismic events" in the last two years intensified the anxiety among large employers that their ERISA protections

could be under threat, said Paul Dennett, the vice president of health policy for the American Benefits Council.

The first was Maryland's enactment of the "Fair Share" law in 2006, which would have required all employers with more than 10,000 workers in the state to spend at least 8 percent of their payroll costs on health benefits. The measure was targeted at Wal-Mart, a member of the new coalition that has been a regular target of healthcare activists.

The law, which was conceived by organized labor and introduced in many state legislatures, was struck down last year by a federal court as in violation of ERISA. Nevertheless, its passage created concern among ERISA advocates.

The second "seismic event" was a House Education and Labor Committee subcommittee hearing in May weighing changes to ERISA to facilitate such state reform efforts, Dennett said.

"I don't think there's much potential for a lot of states doing their own thing in the absence of federal [legislation]," said Paul Ginsburg, president of the Center for Studying Health System Change, a non-partisan research institution.

The Massachusetts universal coverage law, passed in 2006, also played a role in large employers' enhanced focus on ERISA. Although the law hasn't been challenged in court over ERISA, large employers remain wary. "No one's a hundred percent sure about Massachusetts," Mekelburg said. "Even if it doesn't violate ERISA, it's going to add to our costs," he said.

Instead of focusing on changes to the coverage received by people who already are insured, policymakers should look to the healthcare delivery system and the rising costs of medical services, medicines and other expenses, Mekelburg said.

"Most of the healthcare reform debate is about who pays. ... It doesn't really matter who pays if the system's not fixed," he said. "There are things to be done that don't have to blow up the entire [employee benefits] system."

Ginsburg said that these companies have legitimate concerns about the costs associated with allowing states to circumvent ERISA or with levying new federal requirements on their benefit plans. "It's not just reluctance to change," he said.

Nevertheless, Ginsburg expressed concern that if such powerful interests stake out a strong position against the healthcare reform proposals emerging from the presidential candidates and Congress, it could have the effect of stifling the political debate before it really begins. "That's the most worrisome," he said.

"It's so different from the spirit that I've seen over the past year for all these 'strange bedfellow' coalitions" promoting reform, Ginsburg said.