

National Coalition on

BENEFITS

May 29, 2009

The Finance Committee:

The Steering Committee of National Coalition on Benefits (NCB) appreciates the opportunity to comment on the various options presented in the “Financing Comprehensive Health Care Reform: Proposed Health System Savings and Revenue Options” document. 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. NCB supports your efforts to reform our health care system so that all Americans have access to affordable, high quality health care.

NCB believes strongly that a strategy to control costs must be the foundation of any effort to improve the health care system. Controlling costs and reforming the delivery system and the private insurance market will ensure that health care is affordable and accessible to all Americans. We applaud your efforts to reform the delivery system through the use of information technology, pay for performance and value purchasing. We support strong insurance market reforms that increase access to affordable coverage and enhance private competition. These and other measures will work over time to reduce health care costs and improve quality.

We recognize that reforms to the delivery system and the insurance marketplace will likely occur over many years. As a result, employers and employees are also likely to continue experiencing significant health care cost increases until reform measures begin to change the trend line. Therefore, it is especially critical over the next ten years that no additional costs be imposed on the employer-sponsored system, through mandates or tax changes.

Employer mandates (including minimum actuarial requirements) of any kind or changes to the taxation of employer-provided health care are not the answer to health care reform. These policies would increase employer and employee costs, and limit the flexibility and innovation that serve as the foundation of the voluntary employer-sponsored health care system. Without this flexibility, employers will be prevented from designing and offering health plans that best

National Coalition on

BENEFITS

reflect the needs of their workforce and make health coverage as affordable as possible for their employees.

Further, modifying the “employee exclusion” will 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. As Gerald Shea of the AFL CIO puts it: “a cap on the tax exclusion threatens to disrupt the primary source of health coverage and financing for most Americans.” (Testimony of Gerald Shea, Assistant to the President for Governmental Affairs, AFL-CIO).

Finally, we continue to strongly support the flexibility that ERISA provides in the offering of employer-sponsored health insurance coverage. The existing rules and regulations governing the administration of these benefit plans provide the right level of flexibility so that employers can develop the coverage that fits the changing needs of their workforce. Allowing states to require employers to comply with varying state or local mandates would further raise employer costs, stifle innovation in employer-sponsored coverage and result in unequal benefits for employees. We should not disrupt the delicate balance that ERISA’s regulatory framework provides – or risk hurting those who are highly satisfied with the health care coverage that they currently receive.

We look forward to working with you in a bipartisan way to enact commonsense and economically sound reforms to the delivery system and insurance marketplace so that all Americans have access to affordable, high quality health coverage.

Sincerely

Martin G Reiser
Chairman,
National Coalition on Benefits