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

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

Dear Madam Speaker and Minority Leader Boehner:

We are writing to express our opposition to the Affordable Health Care for America Act. The legislation falls short of the bipartisan goal of controlling costs and jeopardizes employer-sponsored coverage which now serves more than 160 million Americans.

The employer community is united in the belief that the reform effort must begin to reduce healthcare costs. We need affordable health insurance options for employees. Employers have been supportive of reform for some time now, as healthcare costs have continued to rise much faster than the rate of inflation.

Evidence abounds that as much as one-third of health care spending may be unnecessary. This is why the employer community has been so proactively engaged in the reform effort. Unfortunately, we do not believe the House bill, taken as a whole, achieves meaningful, long-term control of U.S. health care costs and therefore urge all members of the House of Representatives to oppose the legislation.

The employer community has consistently expressed our concerns about the House legislation on four core issues. Regrettably, the Affordable Health Care for America Act has failed to address our recommendations with regard to:

1. ERISA  
2. Employer Mandates  
3. The Public Plan  
4. Minimum Benefits Package

**ERISA**  
For several years, the employer community has made clear that ERISA is a critical cornerstone in the employment-based system. Specifically, the House bill includes provisions that apply state law remedies to health insurance coverage purchased by employers in a health insurance exchange, override employers’ contracts for retiree health benefits that will make costs increase, and require all employer-sponsored health coverage to meet detailed federal requirements that will increase administrative costs and divert resources away from direct medical care.
Employer Mandate
The business community does not support an employer-mandate to offer and pay for coverage. A “pay or play” employer mandate imposes many costly requirements so that those who might prefer to offer coverage to their workers may “pay” rather than “play”. This would affect many workers’ current coverage and remove the current involvement of the employer in innovating and getting greater value as purchasers of health care services.

The Public Plan
A public plan, particularly combined with the impact of Medicare, Medicaid, and other public plans, will not operate on a level playing field and compete fairly if the government 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 costs to the private sector and to all Americans covered by private plans. Soon there would be tremendous pressure for the new public plan to pay below market rates, just as we have seen in Medicare and Medicaid, even if initially the public plan is directed to pay “negotiated” rates. This would result in enormous cost-shifts to private payers, undercut market-based insurance reforms, and reduce innovation in our health care system.

Minimum Benefits Package
The legislation would impose minimum benefit requirements on plans that we offer. This would force many employers to curtail other valuable benefits because of the need to comply with costly administrative and benefit mandates. Employers want the flexibility to tailor a plan to meet the needs of the company’s workforce.

While we oppose this legislation, we do look forward to continuing to work with you on achieving responsible and practical health care reform legislation and on getting the fundamentals right for all Americans. Working together, we can achieve positive reform that bends the cost curve and expands access and quality for all Americans

Sincerely,

American Benefits Council
Business Roundtable
Corporate Health Care Coalition
The ERISA Industry Committee
National Association of Manufacturers
National Association of Wholesaler-Distributors
National Business Group on Health
National Coalition on Benefits
National Retail Federation
U.S. Chamber of Commerce

cc: U.S. House of Representatives