



Business Roundtable

November 26, 2008

The Honorable Tom Daschle
Former Senate Majority Leader
Bipartisan Policy Center
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Dear Senator Daschle:

As we prepare for change in our national leadership, the opportunity for reform is now. This is the time to lay the foundations for bold, bipartisan action to address our nation's most pressing challenges. Chief among these challenges is health care and the anxiety many Americans have about the affordability, accessibility and security of their health care coverage.

When it comes to scientific advances, medical technology and the quality of doctors and medical institutions, America's health care system is without peer. However, rampant cost increases mean those who have coverage are paying more and getting less value in return. Americans with employer-provided coverage worry they won't be able to keep health insurance if they change jobs, retire early or start a new business. Adding to this is that more than 45 million Americans lack health coverage — a number certain to grow as unemployment rises. At a time of challenging fiscal restraints, we must find thoughtful ways to reduce costs as well as to expand access.

To address these problems in our health care system, Business Roundtable's Consumer Health and Retirement Initiative, under the leadership of Verizon CEO Ivan Seidenberg, recently unveiled a new health care reform plan. As leaders of companies that provide health care coverage to nearly 35 million Americans, Roundtable members are committed to playing a constructive role in the health care reform process. We strongly support policy reforms that would make our health care system more efficient and transparent, deliver greater value to consumers and provide more marketplace options for employers and individuals to obtain coverage. Our proposal builds upon the employer-based health insurance system and seeks to improve quality of care while expanding access for all Americans.



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Business Roundtable's health care reform plan has four pillars:

- **Creating Greater Consumer Value** in the health care marketplace by using health information technology and empowering consumers with more information about good quality health care.
- **Providing More Affordable Health Insurance Options for All Americans** by creating an open, all-inclusive private market for health insurance and replacing today's highly fragmented state-by-state market with multistate markets. To ensure insurance plans are solvent and meet certain minimum requirements, the role of individual states as the primary regulator should continue. Broader, more competitive markets will create more choices for more health care consumers.
- **Engaging All Americans in Taking an Active Role in Their Health Care** by first placing an obligation upon all Americans to obtain health insurance either through their employer or the private market, and second, by encouraging all Americans to participate in employer or community-based prevention, wellness and chronic care programs.
- **Offering Health Coverage and Assistance to Low-Income, Uninsured Americans** that create a stable and secure public safety net. This assistance would be financed from the cost savings and efficiencies generated by a more competitive and value-driven health care system.

Today, our health care system leaves major consumer needs unmet, costs unchecked and basic practices untouched by the productivity revolution that has transformed every other sector of our economy. Business Roundtable's health care reform plan will strengthen coverage for the 177 million Americans who receive it through their employers, while making health care more accessible and more affordable for everyone.

Thank you for your leadership on this important issue. Please contact Maria Ghazal, Director of Public Policy at Business Roundtable, if you have any questions or would like additional information. We look forward to working with you to improve our nation's health care system.

Sincerely,

John J. Castellani

Attachment



Business Roundtable™

Health Care Reform in America

A Business Roundtable Plan

September 2008



Health Care Reform in America

A Business Roundtable Plan



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I. Introduction

Business Roundtable members provide coverage to more than 35 million employees and their families and are deeply committed to public policy changes that will improve our nation's health care system. To further this urgent priority, Business Roundtable has developed a health care plan aimed at creating a more competitive private health insurance marketplace while maintaining a strong, stable public safety net. This plan contains four elements to meet these goals:

- ▶ Creating greater consumer value in the health care marketplace;
- ▶ Providing more affordable health insurance options for all Americans;
- ▶ Placing an obligation on all Americans to have health insurance coverage; and
- ▶ Offering health coverage and assistance to low-income, uninsured individuals and families.



II. Creating Greater Consumer Value in the Health Care Marketplace

The high cost of health care imposes an enormous burden on all Americans — raising the cost of health insurance coverage for those who have coverage and those who do not have coverage. Business Roundtable supports policies that will provide greater accountability, enhance efficiency and create value for all consumers of health care services.

Today's health care system needs to use modern technology. Health care consumers find it difficult to obtain reliable information on the cost and effectiveness of care. In addition, the health care payment structure emphasizes volume over quality. Building on Business Roundtable's existing principles to promote greater efficiencies, the Roundtable supports reform based on the following principles to create greater consumer value in the health care marketplace.

Specific principles:

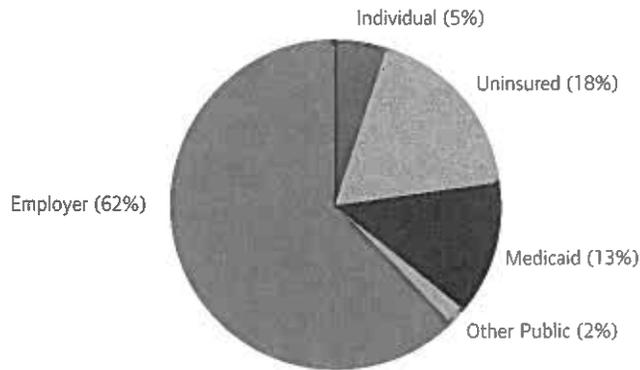
- ▶ Adoption of uniform, interoperable health information technology standards;
- ▶ Dissemination of consumer information on the cost and quality of health care and comparison of the effectiveness of health care services and supplies; and
- ▶ Promotion of changing payments by public and private payers, including Medicare, to reward value of services provided, not volume.



III. Providing More Affordable Health Insurance Options for All Americans

Most Americans — a total of 177 million — obtain health insurance coverage through their employers. Approximately 133 million of these are covered under plans regulated by the Employee Retirement Income Security Act, or ERISA, which provides the framework for employer-sponsored coverage. This law has fiduciary requirements, administrative requirements and remedies. Business Roundtable supports continuation of employer-sponsored health insurance and the existing legal framework.

Health Insurance Coverage of Nonelderly, 2006



Source: Kaiser Family Foundation

To create greater health insurance options for all Americans, including insurance offered by large and small employers, Business Roundtable supports creating a more competitive marketplace in which health insurers could offer health coverage across state lines in regions, thereby expanding the numbers of people who could participate in the plans.



Specific principles:

- ▶ The Department of Health and Human Services (HHS) would establish regions, similar to those established under Medicare, to allow licensed insurance companies to compete in multistate areas where they hold at least one state license.
- ▶ Multistate plans would have the flexibility to offer plans to individuals and small and large employers throughout the states included in the area. These plans would not have to comply with mandated state benefit laws but would have to offer a minimum actuarial value plan.
- ▶ Low-income individuals who qualify for financial assistance would select coverage in these multistate markets.

An Open/All-Inclusive Market To Replace Segmented Insurance Markets

Current health insurance markets are segmented into two markets: (1) the self-insured/national plan market and (2) the insured market. Many health reform proposals would establish standardized benefit designs or further segment insurance markets to help certain purchasers through special rules. This proposal suggests taking the opposite approach — opening the market to all purchasers to increase access to competitive plans and allow additional choices for consumers.

Creating a Competitive, Multistate Marketplace without Disrupting Existing Business Opportunities

A framework could be used to govern new, multistate insurance market products, allowing insurers to offer health coverage across state lines within regions. Because of the wide geographic variation in health care spending, regions would combine similar markets. As variation decreases over time, regions could expand to potentially create a national market. Medicare Advantage, Medicare Part D and TRICARE all use multistate markets to improve access to benefits.



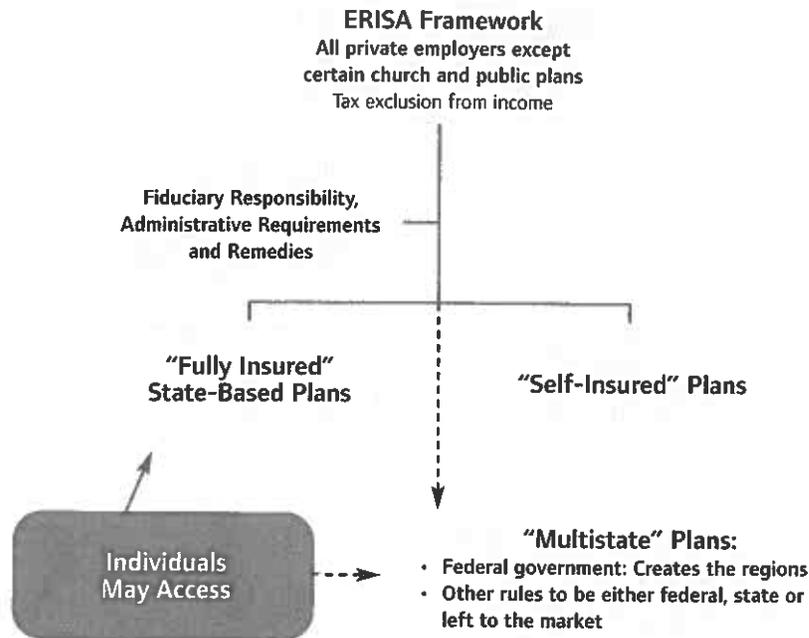
How Could Multistate Markets Be Established?

Establish Regions: HHS could establish regions, similar to those recently created under Medicare, to allow licensed insurance companies to compete in multistate areas where they hold at least one state license.

Create Framework Rules: HHS could establish, through the rule-making process, the regulations required for multistate markets. Regional plans would not have the benefit mandates; rather, they would have the flexibility to offer actuarially equivalent options driven by the market. The following issues would need to be addressed: benefit design, solvency requirements, rate setting, marketing regulations and possibly guaranteed issue requirements, risk adjustment, and reinsurance.

Create Interest in Multistate Markets: The multistate insurance market could be enlarged by encouraging participation through reinsurance adjustments that could help spread the cost of catastrophic cases across the multistate market or across the nation.

Policy Concept: Competitive Multistate Health Plans





The Benefits of Multistate Plans

- ▶ Individuals and small- and medium-sized businesses would all benefit from greater access to additional health insurance coverage options.
- ▶ Insurers and health plans would strive to become more competitive on cost and quality.
- ▶ Overall, multistate markets would improve competition, choice and access, which would result in better value for health care spending.



IV. Placing an Obligation on All Americans To Have Health Insurance Coverage

Although a majority of Americans do have health insurance coverage, there are others who do not. Some do not elect coverage from their employer or purchase coverage on their own because they cannot afford it. For those Americans, subsidies should be provided. Some Americans do not enroll in programs for which they are eligible, such as the State Children's Health Insurance Program, and Business Roundtable believes it is important to enhance education and enrollment opportunities. For all other Americans, it is an obligation that they elect health insurance coverage through their employers or purchase health insurance coverage. Through greater insurance coverage plans and bringing greater value to our health care system, the Roundtable believes the marketplace will provide employers and Americans more affordable options.

Specific principles:

- ▶ Impose an obligation on all Americans to obtain health insurance coverage that, at a minimum, offers catastrophic benefits; and
- ▶ Encourage all Americans to participate in employer- and community-based prevention and chronic care programs.



V. Offering Health Coverage and Assistance to Low-Income, Uninsured Individuals and Families

To ensure that all Americans can purchase health insurance coverage, the government would provide financial assistance to low-income, uninsured individuals and families.

Specific principles:

- ▶ Permit the individual or family to purchase private health insurance coverage with financial assistance through the private multistate marketplace; or
- ▶ For low-income Americans who have access to employer-sponsored health insurance, permit the individual or family to receive financial assistance for their portion of the premium.

Financing Health Insurance Coverage as a Safety Net for Low-Income Individuals and Families

Adopting reforms that would reorient our health care system toward consumer value would generate significant savings — savings that could be used to enhance the health insurance safety net for low-income Americans. For example, Medicare now is implementing e-prescribing, which is estimated to save \$2.1 billion over 10 years. Business Roundtable believes additional efforts to enhance efficiency and reward value rather than volume can produce additional savings, providing sufficient resources for the government to finance coverage for many individuals and families who cannot afford health insurance today.