



**SELF-INSURANCE INSTITUTE  
OF AMERICA, INC.**

*Protecting and Promoting Self-Insurance and Alternative Risk Transfer Since 1981.*

## Sample Letter – Comprehensive Healthcare Reform – House Proposal

Dear **Congressman**,

I write to you as an employee of (**company name**), which has (**number**) employees in your (**Congressional District**) and helps to provide healthcare benefits to (**number**) your constituents. I also write as a member of the Self-Insurance Institute of American (SIIA). SIIA is a national association dedicated exclusively to defending and promoting the self-insurance industry, which delivers and protects self-insured employer-sponsored healthcare benefits for over 75 million American workers and their families. As an industry that sees firsthand what is and isn't working in our healthcare system, we believe it would be beneficial to offer our insight and recommendations as you and your colleagues continue to consider healthcare reforms.

### Threats to the Employer-Based Healthcare System:

I was very encouraged to hear President Obama and leaders on Capitol Hill stress their support for the Employer-Based Healthcare System (EBHS). Employers know their workers wants and needs best and are well-suited to craft benefit plans that are most appropriate for their workforce. After careful review, I believe that The House version of healthcare reform contains many harmful provisions that will directly and indirectly harm the employer-based healthcare system and the private marketplace as a whole. As you know, over 165 million Americans receive employer-sponsored coverage and would have that coverage jeopardized should the House's healthcare reform be enacted as is.

I fear that the ultimate penalty for the employer mandate will be significantly lower than what employers are currently paying to provide healthcare coverage to their employees – thus incentivizing employers to drop their plans. This will result in employees having no choice but to enter the Exchange; losing the coverage they like and have now. The bill also contains language that employer plans will have to meet a government dictated level of mandated benefits. As explained in detail below, self-insured plans have the flexibility to offer benefits that their employees need and want. If there were to be a mandated benefits level, beneficiaries of employer plans would receive “cookie-cutter” benefits instead of ones targeted specifically for them. Lastly, there will be a greater cost-shift to employer plans by providers and the number of Americans with government-provided insurance would increase. – also increasing the cost of coverage for working Americans.

### ERISA:

ERISA protects the benefits of all workers receiving health coverage by their employer and allows plan sponsors to offer generous and uniform benefits to all their employees. The most vital component of ERISA is its “preemption clause”. ERISA's preemption over varying State regulations and mandates allows employer-sponsored plans to operate under one set of guidelines instead of

having to comply with each of the different regulations and mandates of 50 states, hundreds of cities and thousands of counties. Without ERISA preemption, the significant increase in compliance costs would eliminate all incentive for sponsors to offer coverage.

*Specific to the Self-Insurance Industry:*

The House bill contains a harmful provision that would have negative effects to self-insurance health plans specifically. The first is a tax on self-insured plans that would increase the cost of coverage for working Americans. Also, the bill contains a study on self-insured plans in an effort to end any “incentives for small and mid-size businesses to self-insure”. Many small and mid-size businesses are barely able to provide healthcare coverage. The cost-efficiencies of self-insuring are often what allow these businesses to do so. The employer-based system, specifically self-insured plans, is recognized as the sector of our healthcare system that is currently working better than any other. Self-insured plans are often times less expensive and offer more generous benefits. They also are leaders in efforts to provide prevention and wellness. For these reasons and more, it is wrong to negatively target self-insured health plans.

*Concerns with a Government-Run Option as Part of a National Insurance Exchange:*

A government-run option would likely have a significant competitive advantage against competing private plans. The government option would have subsidized administrative costs as well as capped provider reimbursement rates that it would payout. This would enable the government-option to offer a significantly lower premium rate that private plans would not be able to compete with. Also, as the plan paid below-market provider reimbursement rates, there would be a cost-shift to the private market to subsidize the lost revenue of providers – making private plans more expensive. As more and more private plans are terminated and more and more Americans are shifted into the government option, the gap between operating costs of the government option and private plans would exponentially increase until the entire private market is dismantled and the government option is the only “option”. A single-payer system, in an effort to keep costs down, would continually lower reimbursement rates to providers and reduce covered benefits – resulting in a shortage of quality providers and a rationed system of healthcare.

SIIA and the overwhelming majority of the employer community support the goal of ensuring access to quality healthcare for all Americans, but we do have concerns with many of the provisions included in the House version. As one of your constituents, I respectfully ask you to consider our concerns and ultimately not support any package that includes them.

I thank you in advance for your time and consideration of our recommendations and comments. Please do not hesitate to contact me at (phone number) for any clarification or expansion of any of the points raised in this letter.

Sincerely,