



August 31, 2009

Dear President Obama and members of Congress:

We agree: Now is the time for health care reform. Let's make sure we do it right.

We are Employers for Quality Health Care, a coalition of 20 statewide chambers and employer organizations representing thousands of employers across America, from family-owned businesses to Fortune 500s. Our members are the financial bedrock of the nation's health care system, voluntarily providing coverage for millions of workers and their families.

We continue to offer these benefits in the face of record cost increases because we know that access to care is vital to the health of our employees and our communities. We share your goal of reducing costs, improving quality and extending coverage to more Americans -- and **we support** meaningful reforms that advance those objectives while preserving private-sector coverage, including:

- **Innovative solutions** that expand access to affordable, private coverage, such as consumer-driven health savings accounts, small-business pooling, and equal tax benefits for individual and employer-provided insurance plans.
- **Eliminating mandates** that drive up costs by requiring insurers to provide certain types of coverage; and removing artificial barriers that restrict competition.
- **Empowering consumers** through new technologies that give them timely, useful information about the cost and quality of their care, helping them make informed decisions that encourage competition and reduce costs.
- **Incentives** that emphasize health care outputs over inputs, rewarding providers based on outcomes and overall care and consumers based on prevention and wellness.
- **Reforming** existing government health plans like Medicare and Medicaid to eliminate fraud and waste; and allowing enrollees the choice of using the money spent on them to instead enroll in private plans.
- **Modernizing** the civil justice system through state-level reforms that reduce the rapid growth of medical liability awards and insurance costs.

Improvements in access and affordability can and must be made without stifling the innovations that have made the U.S. health care system the finest in the world. That is why **we oppose** drastic changes under consideration in Congress that would duplicate the failed systems of other nations -- where care is rationed, yet costs continue to rise -- including:

- **Employer and insurance mandates**, which would eliminate employers' ability to offer flexible, cost-effective options such as ERISA plans and health savings accounts (HSAs). Instead, government regulators would determine what benefits must be provided and how much employers must pay for them. This would drive costs even higher and force employers with tight

margins to either reduce their workforce, cut benefits or compensation, or drop coverage altogether -- subjecting them to an onerous payroll tax penalty of up to 8%.

- **A costly new government-run health plan**, the so-called public “option,” featuring subsidized premium rates that would further undermine private coverage. If approved, at least 83 million Americans (63% of those covered through their employer) would move from private to public insurance in a major step toward a single-payer system. As with Medicare, such a plan would also pay doctors and hospitals only a percentage of what treatments actually cost, leading them to shift costs to patients with private insurance and their employers.
- **Taxes on employers and employees** to cover the cost of the new government plan and an expansion of existing public plans, estimated at \$1.2 trillion to \$2.4 trillion. This includes eliminating or reducing the tax deduction for benefits provided by employers, a new tax on private plans that offer better benefits than the government plan, an expansion of the Medicare payroll tax, or an income tax hike on individuals and small businesses.

We ask you to remember that Americans who lack insurance are uninsured for a variety of reasons, and no one solution will effectively cover them all. For example, many can afford private coverage yet choose not to purchase it; others are eligible for public coverage yet choose not to enroll. Each group requires a different approach. Please also keep in mind the majority of Americans who already have insurance and do not want it replaced with a new government plan.

We speak from long experience, having witnessed first-hand the disastrous effects of employer mandates, expanded government coverage and higher taxes in many of our states -- including soaring costs and inferior care. Yet we have also seen lower costs and fewer uninsured residents in states that have enacted the positive reforms we outline above -- and we are confident these results can be replicated at the federal level.

We offer our organization and our members as a resource in this great undertaking, and we look forward to sharing our experiences with you in the weeks ahead.

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