

June 22, 2017

The Honorable Mitch McConnell
United States Senate
Washington, DC 20510

The Honorable Charles E. Schumer
United States Senate
Washington, DC 20510

Dear Majority Leader McConnell and Minority Leader Schumer:

On behalf of large American employers committed to an affordable and high quality health care system, we wish to convey our comments regarding the “Better Care Reconciliation Act of 2017” (BCRA) discussion draft that was published today. The Pacific Business Group on Health (PBGH) is a non-profit organization that leverages the strength of its 65 members—who collectively spend \$40 billion a year purchasing health care services for more than 10 million Americans—to drive improvements in quality and affordability across the U.S. health system. Employers overall provide coverage to over 177 million Americans, and significant changes in health policy such as BCRA also affect employer-based coverage.

We recognize and support several elements of BCRA that improve the efficiency and flexibility of employer-sponsored coverage. For example, the repeal of the employer mandate should reduce reporting requirements imposed on employers, thereby lowering administrative costs. In addition, employers generally support higher limits on contributions to Health Savings Accounts (HSAs) and the more flexible use of HSA funds in high-deductible health plans.

We are, however, **opposed to the dramatic reductions in coverage resulting from cuts to the Medicaid program and insufficient mechanisms to stabilize the individual (non-group) market.** There is a strong business case for policies that ensure that all Americans have meaningful health insurance coverage. The adverse consequences of having large numbers of uninsured or underinsured extend well beyond the individuals and families directly affected. Large employers would also feel the impact.

First, many hospitals would respond to an increase in the number of uninsured patients by increasing prices for commercially insured patients. This “cost shift” occurs when providers serve patients with no coverage and cannot cover those costs from government sources. It imposes additional financial burdens on businesses and their employees. This is especially problematic given that health care costs are already much too high for employers and patients. Premiums for family coverage have increased 58% since 2006, and experts predict a 6.5% increase in health care costs in 2018 – three times higher than general inflation.¹ High health care costs put American businesses at a competitive disadvantage. As Warren Buffet recently said, “Medical costs are the tapeworm of American economic competitiveness.”² We should not be adding to this burden.

¹ <https://www.pwc.com/us/en/health-industries/health-research-institute/behind-the-numbers.html>

² <https://www.nytimes.com/2017/05/08/business/dealbook/09dealbook-sorkin-warren-buffett.html>

Furthermore, it is critically important for employers to have a healthy workforce. Newly hired employees who have not been able to afford coverage previously are likely to have deferred treatment for their medical needs. When they start work, they are likely to get the elective surgeries that were postponed when they didn't have health care coverage. Moreover, new employees with chronic medical conditions, such as diabetes, may have significant health problems that were not managed effectively while they were without health care coverage. All of this adds to the cost burden on employers.

For part-time workers and early retirees who are not eligible for employer-sponsored health benefits, it is important to have a well-functioning individual (non-group) market. Unfortunately, BCRA's provisions would likely de-stabilize the individual market, make coverage more expensive in the exchange, and result in fewer people with adequate coverage. For example, the elimination of the individual mandate must be accompanied by strong incentives for people to buy coverage; BCRA contains no such incentive. Congress must ensure that coverage in the individual market is reasonably comprehensive and affordable.

We also encourage you to recognize that reducing coverage and cutting benefits will not address the fundamental problems of the U.S. health care system. BCRA would reduce government spending, but it would not reduce the overall costs of providing health care, which are disproportionately borne by American businesses. America spends far more than any other country on health care, but our outcomes are below the average for developed countries on most key health care indicators. Rising health care costs are preventing U.S. businesses from creating jobs, raising wages and investing in innovation, and high costs are limiting America's ability to invest in national priorities such as infrastructure, research and innovation, education, and national security.

We encourage you to take more focused efforts to accelerate the transition to value-based care arrangements as a means of achieving better use of public funds and thereby creating the resources to assure wider coverage for all Americans. We will not be able to solve our health care problem until we have comprehensive reform that fundamentally changes the way we deliver and pay for health care services.

In summary, any policy changes that result in increasing the number of uninsured would not only hurt the families involved, but would drive up health care costs for employers as well. Congressional leaders must find a way to improve our health care system without shifting health care costs to businesses and their employees and compromising the health of the American workforce.

Thank you again for the opportunity to provide input on this important issue. Please contact me should you require any additional information or clarification.



Sincerely,
David Lansky, PhD
President & CEO
Pacific Business Group on Health