

The President
The White House
Washington, DC 20500

June 7, 2021

Dear Mr. President:

The undersigned organizations represent large employers and health care purchasers, which provide high quality health coverage to tens of millions of people. **During last year's presidential campaign, we were encouraged that you made lowering health care costs a central feature of your platform.** As you know, the United States' health care costs are the highest in the world, and continue to rise at an unsustainable pace. The average total cost of coverage for a family in the large group market now exceeds \$21,000.¹ This figure is 54 percent higher than it was just a decade ago.² Over the same period deductibles for a family plan have increased by a full 79 percent.³ Based on your public commitment to work to reduce health care costs, we were dismayed that policies to reduce overall health care costs were not included in the American Families Plan nor the American Jobs Plan. While your fiscal year 2022 budget request to Congress references your support for meaningful policies to reduce the cost of drugs and provide affordable coverage, we remain concerned that efforts to reduce health care costs may be overshadowed by other priorities. **We write to urge you to keep legislative and regulatory efforts to reduce health care costs for all payers at the top of your agenda.**

Legislative Efforts

Earlier this year, you signed the American Rescue Plan Act, which included substantial federal support to help struggling people afford their health coverage, including a temporary 100 percent federal subsidy for COBRA coverage and enhanced subsidies for people purchasing coverage in the individual market.⁴ We appreciate your leadership on this legislation. We understand you are considering policies to make those enhanced subsidies permanent. While we support policies to make health care more affordable to America's families, increased taxpayer support for health care premiums is not an effective long-term solution. **Recognizing that policies to reduce the overall cost of care may be politically difficult and will be opposed by some in the health care sector, they are ultimately the only path to a sustainable and high functioning health care system.**

To that end, we strongly recommend you aggressively pursue policies aimed at reducing the cost of health care itself. Many of these policies already enjoy bipartisan support and are strongly supported by employers and health care purchasers. Many of them also offer significant budget savings to the federal government, as judged by the Congressional Budget Office and other budget watchdogs. **Among many cost-saving policies supported by employers are several that were included in groundbreaking legislation that passed the Senate HELP Committee by wide bipartisan margins in the last Congress, the Lower Health Care Costs Act (S. 1895). These include:**

- Banning anti-competitive contracting terms in hospital-insurer contracts (Section 302)
- Reforming the Pharmaceutical Benefits Manager (PBM) system to provide greater transparency in PBM contracts and ensure that cost savings are passed along to purchasers (Section 306)
- Establishing a national All Payer Claims Database (Section 303)
- Policies to end gaming of patent and market exclusivity laws by pharmaceutical companies (Title II)

Regulatory Efforts

Beyond your work to influence legislative policy, your administration has the ability make substantial policy changes that could make the health care system more efficient, accountable, and equitable. Our health care system is rife with economic distortions, including inadequate competition, opaque and excessive pricing, uninformed consumers due to a lack of actionable quality and cost information. We urge you to direct your administration strengthen competition and transparency so that they can effectively buy high quality and affordable health coverage and care for their employees. **In particular, we urge you to:**

- Empower and direct the Federal Trade Commission to focus on health care antitrust enforcement, including prohibitions on anti-competitive practices, to address the problems of industry consolidation, market power and high prices.
- Strengthen the previous administration's hospital and health plan price transparency rules, which provide employers with the tools they need to purchase high quality, efficient health care on behalf of their employees and families.
- Ensure the regulations implementing the statutory ban on surprise medical bills both fully protects consumers and results in lower overall costs for purchasers.

Policymakers have long recognized that the fee-for-service payment system promotes higher volumes of care without accountability for the quality of care or patient experience. It is time for leaders to insist on the rapid adoption of value-based payment models for both public and private payers. Population-based payment models are the best way to provide flexibility to physicians and health systems while ensuring accountability for the total cost of care. The payment models must also include accountability for quality, patient experience and equity. **CMS and CMMI should accelerate mandatory adoption of new payment models that create flexibility for providers and ensure accountability for cost and outcomes.**

Further, the ability of our health care system to deliver higher quality outcomes depends on the adoption of standardized and mandatory performance measures. Such measures are essential to the widespread adoption of value-based payments. Performance measures should include clinical outcomes, patient-reported outcomes, appropriateness and equity. And they should be standardized and required for all physicians, hospitals and other clinicians to provide useful comparable information to patients, consumers and purchasers.

For too long, however, health care quality measures have failed to address underlying racial, ethnic and other disparities in health care. **Performance measures should include the capture**

of racial and ethnic identification data. Further, quality improvement initiatives should focus on areas of greatest disparities, such as maternal and infant care and COVID.

As you consider the path forward on health policy, we urge you to remember the more than fifty percent of people in the United States that receive their coverage through their employer. While America's employers and purchasers remain committed to continuing to provide high quality health coverage, they need your help in the face of stubbornly high prices and the policy mechanisms that allow these high prices to remain. Thank you for your consideration and we look forward to continuing to work with your Administration to achieve our common purpose.

Sincerely,

American Benefits Council
The ERISA Industry Committee
National Alliance of Healthcare Purchaser Coalitions
Purchaser Business Group on Health

cc: Nancy Pelosi, Speaker, US House of Representatives
Charles Schumer, Majority Leader, United States Senate
Kevin McCarthy, Minority Leader, US House of Representatives
Mitch McConnell, Minority Leader, United States Senate

¹ <https://files.kff.org/attachment/Report-Employer-Health-Benefits-2020-Annual-Survey.pdf>

² *ibid*

³ *ibid*

⁴ <https://www.congress.gov/bill/117th-congress/house-bill/1319/text>