



245 SECOND STREET, NE
WASHINGTON, DC 20002-5795 USA
PHONE (202) 547-6000
TOLL FREE PHONE (800) 630-1330
FAX (202) 547-6019

LEGISLATIVE ACTION MESSAGE (202) 547-4343 • <http://www.fcnl.org> • E-MAIL fcnl@fcnl.org

FRIENDS COMMITTEE ON NATIONAL LEGISLATION

... a Quaker lobby in the public interest

November 3, 2009

Representative Charles Rangel, chair
Committee on Ways and Means
Representative Pete Stark, chair
Subcommittee on Health

Representative Henry Waxman, chair
Committee on Energy and Commerce
Representative Frank Pallone, chair
Subcommittee on Health

Representative George Miller, chair
Committee on Education and Labor

Dear Representatives Rangel, Stark, Waxman, Pallone and Miller:

I write to congratulate you on the introduction of the Affordable Health Care for Americans Act, which the Friends Committee on National Legislation is pleased to endorse.

In early June, we wrote to your committees seeking four major elements in health insurance reform:

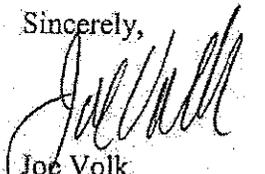
- A comprehensive public plan to improve transparency and quality in the private health insurance market, and to ensure that at least one comprehensive plan is available to everyone;
- Income-based subsidies to make health care affordable for those who do not have employer-provided insurance and do not qualify for Medicare or Medicaid;
- Reforms in the private health insurance market, based on the tax-favored status of plans offered as employee benefits; and
- Oversight over standards and operation of the plans by authorities that include major stakeholders, including the public.

Your bill offers all of these major elements, and gives close attention to the successful operation of a health care system as a public good rather than an increasingly expensive profit center.

We continued to work with your staff and with many others in the House on the details of the bills as they were shaped by the three committees. The attached memorandum describes some of the highlights of the bill that have our strongest support, along with some cautions and questions that we hope your committees will continue to monitor as this bill moves through the House and eventually on to conference.

We are deeply appreciative of the talent and expertise that you and your hardworking staff invested in crafting this bill. Your efforts will help to move the United States into something close to parity with our international peers who figured out, a long time ago, the importance of assuring access to health care for all of their people.

Sincerely,



Joe Volk
Executive Secretary

<p>FCNL has lobbied for health insurance reforms that would assure access to health care that is:</p>	<p style="text-align: center;">The Affordable Health Care for America Act, (H.R. 3962) offers:</p>
<p>Affordable</p>	<ul style="list-style-type: none"> ▪ Medicaid for everyone with incomes less than 150% of the poverty line ▪ Tax credits for individuals and families who don't have health insurance, with incomes up to 4 times the poverty line (about \$88,000 for a family of four). ▪ The credits limit the amount an individual or family would have to spend on premiums: no more than 1.5% of income for the lowest income people, up to 12% of income for those at the top of the subsidy scale. ▪ Limits on out-of-pocket expenses for individuals and families purchasing insurance through a health exchange, graduated according to income. ▪ A requirement that insurance companies spend 85% of their income from health care premiums on health care. ▪ Competition from a public insurance option which uninsured individuals and employers may choose, if the private market does not offer a reasonably priced insurance product. ▪ By 2015, the public insurance option would be open to small businesses with up to 100 employees – about 36% of all employees. ▪ After 2015, the public option and other health exchange plans may be made available to employers of all sizes. ▪ Health insurance exchanges that align qualifying health care plans as to benefits and costs, so that consumers can make reasonable choices among them.
<p>Comprehensive</p>	<ul style="list-style-type: none"> ▪ To participate in the health insurance exchange or, eventually, to offer insurance as a tax-exempt employee benefit, plans will be required to offer an essential benefit package (called a Qualified Health Benefit Plan or QHBP), including at a minimum: primary care, prescriptions, mental health and addiction recovery services, durable medical equipment, preventive services, maternity care, hospitalization, surgeries, and related costs. ▪ QHBPs will be required to offer oral health, vision and hearing services and equipment for children up to age 21. ▪ QHBPs also must conform to some consumer protections, including limits on out-of-pocket expenses, no-cost

	<p>preventive services, appeals processes and maintaining an adequate network of providers.</p> <ul style="list-style-type: none"> ▪ Only QHBPs may be offered to individuals through the health exchange. ▪ After an initial grace period, all health care plans will have to meet the requirements of a QHBP in order to be offered as a tax-free employment benefit.
<p>High quality</p>	<ul style="list-style-type: none"> ▪ The bill promotes primary and preventive care, adjusting payment rates for Medicare and Medicaid primary care doctors and offering grants to support workplace wellness programs ▪ A Health Benefits Advisory Commission will oversee the essential benefits offered in the QHBPs and will recommend changes as needed over time, based on evidence of effectiveness. ▪ The Commission will include physicians, other health care providers, and patients. ▪ All plans, from "basic" to "premium" will have to offer the same benefits; they will vary as to the size of the consumer's co-payments, not as to the quality or availability of services. Insurers may offer "premium plus" plans, separately priced, that include additional services.
<p>For everyone</p>	<ul style="list-style-type: none"> ▪ The Congressional Budget Office estimates that this bill will ensure that 96 percent of all U.S. citizens and legal residents have health insurance when it is fully implemented. ▪ No exclusions for "pre-existing conditions" and no pricing based on health status are permitted. ▪ No lifetime or annual limits on medical spending allowed; different rates based on age are limited to a ratio of 2:1. ▪ Children may stay on their parents' plans until age 27, at their parents' discretion. ▪ The bill establishes and expands community health centers. ▪ The bill includes specific programs to address and remedy health and health care disparities among different racial, ethnic, and economic groups. ▪ The bill incorporates the Indian Health Care Improvement Act, which has not been reauthorized since 1992.
<p>Financed by progressive taxes</p>	<ul style="list-style-type: none"> ▪ Much of the reform in the bill is accomplished by regulation rather than by spending. ▪ The large expenditures include Medicaid expansion, Medicare improvements, affordability credits, and expanded public health programs. ▪ The bill includes a surtax on the incomes of the wealthiest households and individuals, those with annual incomes above \$1 million income per year (or \$500,000 for single individuals).

Remaining concerns:

(1) **A Donut Hole in Cost Control:** In the few years immediately after enactment, it is probable that insurance companies will raise their premium rates while they can. Will the restoration of anti-trust provisions and the "sunshine provisions" be adequate to limit this price rise and its impact on consumers and employers?

(2) **Where do employees go before 2013 if their employers end insurance benefits?** If premium prices rise significantly, a number of exempt employers are likely to choose not to offer or continue to offer health insurance benefits. They may or may not pass on to employees – in increased wages – a portion of the cost of premiums. These employees would then qualify to purchase insurance in the exchange. But the exchange – including the public insurance option -- is not fully operational until year three. What happens in the meantime?

(3) **Employer contributions to the Exchange do not reduce the employee's cost for the premiums.** It would be more equitable for employees in this situation to receive at least a discount, based on the 8% contribution by their employer.