



August 5, 2010

The Honorable Phyllis Borzi, Assistant Secretary  
Employee Benefits Security Administration  
U.S. Department of Labor  
Washington, D.C. 20210  
Attn: RIN 1210-AB42

The Honorable Jay Angoff, Director  
Office of Consumer Information and Insurance Oversight  
U.S. Department of Health and Human Services  
Washington, D.C. 20201  
File Code: OCIO-9991-IFC

Re: Group Health Plans and Health Insurance Coverage Relating to Status as a Grandfathered Health Plan Under the Patient Protection and Affordable Care Act

**Position: Modifications to a Plan's Provider Network or Self-funded Status Should Not Affect Grandfather Status**

Dear Ms. Borzi and Mr. Angoff:

On behalf of the more than 160 employers that are members of The Alliance, I am writing to ask you to give employers and health plans the flexibility necessary to focus on delivering high-value health care through their provider networks and urge you not to subject plans to increased regulations if they opt to self-fund their health benefits.

The Alliance was founded as a not-for-profit cooperative in 1990 by employers looking to control costs, improve quality, and engage individuals in their health. We contract with providers on behalf of our self-funded member-owners, but that is just the beginning. We also provide our members and the individuals in their plans with cost and quality information to make more informed decisions about their health. We began our first performance-based reimbursement pilot in 2004 and today, nearly 70 percent of our contracts include incentives for better care.

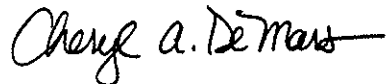
To succeed in achieving a high-value health system, purchasers (both public plans and private employers) must be committed to the delivery of quality, safe health care provided at a reasonable cost. That means that consumers and purchasers alike must be empowered to make transformative choices based on good data. That includes the unencumbered ability to remove a provider from their network because of low performance or higher than average costs.

The ability of employers and labor organizations to self-fund health benefits is another key factor in promoting their buy-in of system improvement efforts. The best way to maintain a strong commitment to quality, safety and wellness initiatives is to ensure that investments in these areas pay off for those who make the investment — plan sponsors and their enrollees. Self-funded employer plans have been innovators in these areas because of the direct benefit to their bottom lines. We have also found through our work that employers are in a better position compared to insurance companies to help enrollees make value-based health care decisions. Discouraging self-funding by subjecting self-funded plans to additional regulations will likely inhibit employer investments that have been growing over the past several years.

A number of provisions in the Patient Protection and Affordable Care Act appear to support the twin goals of value based purchasing and consumer engagement. Self-funding and enabling changes to provider networks to promote high value, safe care are complementary strategies. I urge you not to tie grandfathered status to their adoption.

Thank you for your consideration of these comments. If you have any questions, please do not hesitate to contact me.

Sincerely

A handwritten signature in black ink that reads "Cheryl A. DeMars". The signature is written in a cursive style with a horizontal line at the end.

Cheryl A. DeMars, President & CEO  
The Alliance

CC: The Honorable Herb Kohl  
The Honorable Russ Feingold  
The Honorable Tammy Baldwin  
The Honorable Paul Ryan  
The Honorable Ron Kind