

THE ALLIANCE

Employers moving health care forward



Health Reform Implications For Alliance Members

The Alliance Annual Meeting

October 21, 2009



Who are Alliance Employers

- > Self-Funded Employers and Coalitions of Employers
 - Large and mid-size, some small companies
 - Multi-state companies
 - Most exempt from state mandates and requirements





Who are Alliance Employers (cont.)

- > Employers Offering Benefits
 - Available data shows most but not all Alliance employers meet the benefit requirements of the House Bill
- > Employers Who Place a Premium on Value
 - Health Policy Survey reveals a greater appetite for reform if cost containment and quality initiatives are in place



Implication #1: Changes to ERISA

- > Employee Retirement Income Security Act (ERISA) is a federal law that:
 - Governs self-funded plans
 - Preempts state laws
 - Compared to state insurance laws, is “regulation-lite”



Implication #1 Changes to ERISA (cont.)

- > In the Three Bills, the Following Changes May Impact ERISA
 - Efforts that would allow states to seek waivers to enact their own reform plans
 - > Healthy Wisconsin as an example
 - Open-ended changes to ERISA regulations
 - > House Bill: Five Year Window
 - Limitations on Self-Funding



Implication #2: The Changing Health Insurance Market

- > Regardless of company size, the individual mandate, the Exchange and insurance reforms will impact you
 - A mandate will make health insurance a higher value benefit for employees
 - Tax credits will strengthen the buying power of individuals and small employers



Implication #2: The Changing Health Insurance Market (cont.)

- Regulations will impact profitability of insurers
- The Exchange may compete with your plan
- Will change the way insurance is sold in our country
- May impact labor market – will people keep working?
- May promote transparency and understanding



Implication #3: Health Care Financing

- > Fact: Employers insure two-thirds of Americans under age 65 and directly finance an estimated 25 percent of the total health care system. Regardless of structure of reform, lawmakers need employers to continue their role in financing health care.
 - Pay or Play Implications
 - Implications related to tax code changes for companies, their employees and the health system
 - > Tax on comprehensive health plans
 - > Limitations on other tax-free health benefits



Implication #4: Improving Health Care Value

- > Pay for Reporting
- > Pay for Performance
- > Value Based Benefit Design
- > Health System Efficiencies
- > Comparative Effectiveness Research
- > Transparency
- > New Payment/Delivery Models



Opportunities and Challenges for Employers

- + Employers providing benefits are the “good guys” and the “job creators.” They are a powerful constituency for both state and federal lawmakers.
- Employers do not speak with a unified voice on health care.
- + Employers must identify consensus issues and communicate them
- Health reform difficult to follow and understand



Opportunities and Challenges for Employers: 3 Critical Messages

1. The writing is on the wall: If reform happens this session, it will build upon the current system. Employer role is crucial.
2. Employers must participate in political process if they want to
 1. Be prepared for change
 2. Improve the delivery system
 3. Control costs
 4. Ensure flexibility to respond to the needs of their companies and employees.
3. The Alliance Health Policy function started to help members with the above. The more members participate, the more effective we will be.



More About The Alliance Health Policy Function

- > Help Members Understand What's Going On
- > Find and Communicate Consensus Position
 - Health Policy Committee
 - The Alliance Member Forum LinkedIn
- > Provide a resource to lawmakers on employer based health care
 - Meetings with Legislators
- > Advocate for/against change when merited
 - Grassroots Efforts

AIM: Stronger voice for employers in state Legislature and Congress