

## Memorandum

TO: Association of Washington Business Members

FROM: Don C. Brunell, President

DATE: August 12, 2009

RE: Health Care Reform

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### OVERVIEW

Health care is a precedent-setting issue with generational impacts. We believe it is time for health-care reform, but we also believe it must be done right. The next few weeks will be critical to the national debate over health care, and I encourage you to use this time to get involved and share your concerns with Washington state's congressional delegation.

With Congress home for the month of August, AWB members have a prime opportunity to tell Senators Murray and Cantwell, along with our nine House members, how the proposals would affect employers and the thousands of families they represent. This memo is designed to help you provide constructive feedback to your elected officials.

It's useful to begin with what employers in Washington state do support when it comes to health-care reform. AWB, Washington state's chamber of commerce, supports:

- Innovative solutions that expand access to affordable, private coverage include consumer-driven health-care plans like Health Savings Accounts (HSAs), small-business pooling, full tax deductibility of health plan premiums for individuals and small businesses, and eliminate restrictions on where insurers can offer coverage.
- Empowering consumers by implementing new technologies that give them timely, useful information about the cost and quality of their care, helping them make decisions that encourage competition and reduce costs.

- Administrative efficiencies through electronic record-keeping, secure sharing of medical records so providers can have instant access to a patient's medical history to avoid treating with the wrong medications, and cost savings through the elimination of duplicative medical forms.
- Incentives emphasizing improved health that rewards providers based on outcomes and quality of care and consumers based on prevention and wellness.
- Eliminating fraud and waste in existing government health plans like Medicare, where fraud and waste has cost taxpayers millions of dollars.
- Addressing medical malpractice. Nearly 10 percent of health-care costs in the U.S. can be traced to defensive medicine, malpractice insurance and frivolous lawsuits. People who have been injured because of medical mistakes should receive just compensation, but there needs to be a better balance in our legal system.
- Creating a marketplace that encourages competition and a choice of insurers to help foster a competitive environment and keep costs in check.

We firmly believe that improvements in access and affordability can and must be made without stifling the innovations that have made America's health-care system the finest in the world. It is also critical that current coverage for millions of Americans is not disrupted. That is why AWB opposes drastic changes under consideration in Congress. The federal government's own non-partisan Congressional Budget Office warns that these proposals will actually raise health-care costs, not lower them while adding to the federal deficit. Specific components in the proposals that we cannot support include:

- Employer and insurance mandates, which would eliminate an employer's ability to offer flexible, cost-effective options such as ERISA plans and HSAs. Instead, government regulators would determine what benefits must be included and how much employers must pay for them, driving up costs and forcing employers with tight margins to either reduce their workforce, cut benefits or compensation, or drop coverage altogether.
- A costly new government-run health plan with subsidized premium rates that would further undermine private coverage, moving at least 83 million Americans from private to public insurance in a major step toward a single-payer system. As with Medicare, such a plan would

also pay doctors and hospitals only a percentage of what treatments actually cost, leading them to shift costs to patients with private insurance and their employers.

- New taxes on employers and employees to cover the cost of the new government plan and expansion of existing public plans, estimated at up to \$2.4 trillion. This includes elimination or reduction of the tax deduction for benefits provided by employers, payroll tax penalties on employers that do not provide health benefits, a tax on private plans that offer better benefits than the government plan, or an income tax hike on individuals and small businesses.

AWB is one of 17 state chambers of commerce involved in Employers for Quality Health Care, a coalition of thousands of family-owned businesses and Fortune 500 corporations committed to providing quality health-care coverage. Employers like AWB continue to offer health benefits in the face of record cost increases because we know that access to care is vital to the health of our employees and our communities.

Health care is a complex issue, and AWB is working hard to find workable, cost-effective solutions. Please visit our Web site at [www.awb.org](http://www.awb.org) for more information about the legislation or contact me directly at 800.521.9325 with questions or comments.

We welcome your input.

Thank you and please stay involved.

DON BRUNELL  
ASSOCIATION OF WASHINGTON BUSINESS  
President