

Open Letter from Main Street Alliance Business Leaders to Participants in the February 25 White House Health Reform Summit

February 24, 2010

To Senators and Representatives participating in Thursday's White House health reform summit:

The Main Street Alliance network represents thousands of small business owners across the country. We stand together to urge Congress to act on one of our greatest concerns: reforming a broken health care system that consistently shortchanges small businesses. We submit this open letter to participants in Thursday's White House summit to highlight our priorities for crafting a final health reform package that will meet our needs.

As small business owners, we are pragmatic people. We recognize that a system of health care and coverage only works efficiently when everyone who will need care participates fully in the system. Otherwise, those "voluntarily" participating are inevitably required to cover the cost of those "opting out." That's how the system we operate under today works. Our voluntary, incentive-driven approach contributes to hidden costs, bad accounting, cost-shifting and abusive practices in all sectors of the system. From a small business perspective, this is the definition of a failing system.

No one is truly exempt from this system: the young and currently healthy, those aging up, those living unhealthy lifestyles, the business community that provides benefits to its employees, the government in its responsibility to ensure a measure of fairness, the insurance industry in its capacity as an administrator of benefits and services, and the health care community that delivers care – we are all caught in the downward spiral of this failing system.

The Main Street Alliance has advocated four cornerstone principles essential to reforming health care to provide relief for small businesses and long term solutions. These cornerstones of reform are:

Shared Commitment: Members of the business community recognize that we have a stake in the health and wellbeing of our employees and their families. This is particularly true for smaller businesses. In order to attract and keep educated, motivated and experienced employees, the ability to afford to offer decent health coverage is a pre-requisite. Small employers know a healthy workforce is a productive workforce. To ensure we have that healthy workforce and a system that works for us, we have to invest. That includes contributing toward the cost, providing access to care and encouraging wellness.

Guaranteed Coverage: Small business owners shouldn't have to be experts in health insurance fine print. Transparency is integral to our ability to select and deliver quality coverage. In order to make the purchase and use of health insurance transparent and reliable, we need policy descriptions written in plain language with full disclosure, applications that are simple, easy to understand, and non-intrusive, an end to abusive and misleading sales and administrative practices, and strong consumer protections and oversight.

Real Choices: In order to assure real competition, put the brakes on skyrocketing premium increases and guarantee real choice, we believe reform *must* include a national public health insurance option within a federal health exchange. The private sector has had ample time and opportunity to show that unregulated markets could produce comprehensive and affordable health insurance plans. They have failed, and failed miserably, to do so. There appear to be no “natural market” incentives to control costs. Claim denials, obsolete or incomplete formularies, rescissions and pre-existing condition exclusions are the “cost controls” the health insurance companies have employed thus far. These same practices delay care, cause people to opt out, lead to medical bankruptcy and drive up costs in the long run.

A premium-funded, robust national public option with a clear and understandable minimum benefit package will assure real competition and keep the private markets honest. A well-regulated national health insurance exchange with strong guidelines, independent oversight and well-defined affordability standards for basic coverage will set benchmark standards for the health insurance industry as a whole.

Affordable Costs: Access to care, especially preventive care, is key to containing system-wide costs. At the same time, the current unaffordability of coverage is a major barrier to access for many small businesses – individual enterprises, mom-and-pop businesses and other small companies alike. For the smallest enterprises, and in particular for newly formed small business start-ups, the cost of health insurance is simply out of reach.

Tax incentives alone will not solve the affordability problem. They have not worked to expand coverage as the numbers of uninsured continue to grow. If they remain the sole method of promoting “affordability,” it will only add to the burden of escalating un-reimbursed provider costs as more and more individuals and small businesses drop coverage. While tax incentives may work for some, direct assistance will be required to make coverage affordable for others; in any case, employment-based health insurance must include a progressive system of assistance to assure participation and affordability.

These are common sense reforms. Given the current trajectory of our health care system and the cost of inaction, these steps must be considered essential, not optional. Without systemic reform, more small businesses will be priced out of the market or forced to substantially alter their mix of employees, finding ways to eliminate older, sicker workers in favor of those whose health costs they can afford. Newly unemployed older, sicker workers will likely receive their medical care as taxpayer-funded charity care, allowing the private insurance companies to successfully shift that cost burden onto taxpayers while continuing to enjoy rapacious profits. There can be no question that comprehensive reform is the only way to avoid a national crisis on a scale not unlike that of the recent banking failure.

What we want from this summit:

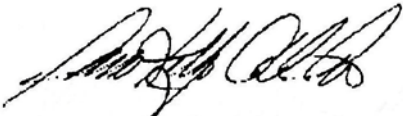
- Agreement to cease politically motivated obstruction and set a time definite for a final vote on health reform legislation. This is not simply a vote on cloture or to stop a filibuster, but an up or down vote on the legislation itself.
- Agreement to include premium control measures on the insurance industry until other reform measures designed to rein in insurance premiums, like a public option and national exchange, are in place and fully operational. If reform legislation fails to include a national exchange and a robust public option, then a national health insurance commission to review and approve rate increases would be an incremental alternative. Either way, the summit must address out-of-control premium

costs, which are severely curtailing the ability of small businesses to create jobs during the most severe recession we have experienced since the 1930s.

- Agreement to place tort reform on the congressional agenda once health reform legislation is passed, and to approach tort reform in a manner that respects the rights of states to protect their citizens' day in court and other concerns on both sides of the aisle.
- Ensure that affordability provisions are robust enough to help the smallest businesses, indispensable engines of job creation, compete for the best employees by offering good coverage, and that subsidies for small business employees are adequate to bring real coverage options within reach.

Main Street Alliance small business owners are counting on you and other participants in this summit to put aside partisan political interests and come to agreement on comprehensive changes that will create real choices of affordable health insurance options for small business owners. We're willing to accept our responsibility to help find workable solutions. We call on you to accept yours.

Sincerely,



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