

United States Senate

WASHINGTON, DC 20510

July 11, 2011

Dr. Harvey V. Fineberg
President
Institute of Medicine of the National Academies
Building 849
2101 Constitution Avenue, NW
Washington, DC 20006500 Fifth St NW 20001

Dear Dr. Fineberg,

Recent jobs data paints a grim picture for our economy – unemployment is going up and wages are going down. Unfortunately the new health care law exacerbates these problems by forcing employers to offer health insurance or pay higher taxes. The law also wraps businesses in reams of red tape and uncertainty. The new rule implementing health insurance exchanges should be added to the list of actions this Administration is taking that will hurt businesses and state budgets. The rule confirms that all new plans sold to individuals and small businesses will be forced to offer expensive, inflexible health insurance that includes what Secretary Sebelius deems to be essential health benefits, regardless of the impact on cost and affordability.

We have been working to reverse this trend and find ways to bolster the economy and job market rather than burden them. Last summer the Department of Health and Human Services (HHS) contracted with the Institute of Medicine (IOM) to undertake a study that would provide recommendations on a process for determining and updating the essential health benefits package, mandated under Section 1302 of the Patient Protection and Affordable Care Act (PPACA). We are writing to express our concern about the harmful impact onerous new insurance benefit mandates could have on health insurance premiums and state budgets, and urge you to take these concerns into account as you develop your recommendations.

While we strongly opposed passage of PPACA because it would lead to higher costs and fewer choices, we remain committed to overseeing implementation of this new law that impacts every American. Millions of Americans have seen their health insurance premiums increase as a result of the new law and over three million Americans are enrolled in plans that have had to seek waivers from a portion of the law that would have otherwise driven up premiums in excess of ten percent.

Broad new federal benefit mandates will worsen state budgets and increase health insurance premiums for individuals, families, and small businesses. Many states, including Utah and Wyoming, have chosen to provide greater flexibility for consumers, allowing them to purchase lower cost plans with minimal mandated benefits. Benefit mandates drive up the cost of health insurance

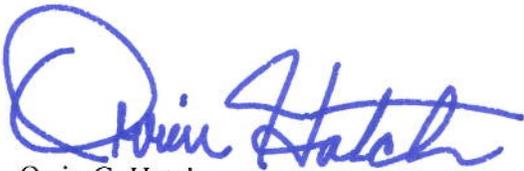
and unfortunately render insurance unaffordable for many Americans; this is especially true in states with a high number of mandated benefits and mandated providers.

If the Secretary defines an essential health benefits package that includes a high number of mandated benefits and mandated providers, premiums will increase, taxpayer costs will rise, and patients will have fewer choices in deciding the plan that best meets their needs. It is therefore critically important that the IOM emphasize affordability and consumer choice, and we urge the IOM to place a strong emphasis on affordability in your report to the Secretary.

We understand you have heard from a broad range of stakeholders including advocacy groups, health care providers, state executive branches, and state legislators all voicing varied and possibly conflicting concerns and suggestions; some of which specifically highlighted the negative impact of a highly prescriptive federal benefit mandate on our states. We would like to reiterate the critical need to ensure cost containment and affordability are heavily weighted factors in the process you recommend to the Secretary. We urge you to fully consider the impact of federal benefit mandates on taxpayers and patients and avoid a one-size-fits-all approach in the recommendations you provide to the Secretary.

We would appreciate the Committee keeping us apprised of their progress, and also welcome any questions or requests for information that we could provide to the Committee as you continue to study the issue and develop the report.

Sincerely,



Orrin G. Hatch
United States Senate
Ranking Member, Senate Finance Committee



Michael B. Enzi
United States Senate
Ranking Member, Senate HELP Committee