

Joe Trauger

Vice President

Human Resources Policy

September 23, 2010

The Honorable Michael Enzi
Ranking Member
Committee on Health, Education, Labor and Pensions
U.S. Senate
Washington, DC 20510

Dear Ranking Member Enzi:

The National Association of Manufacturers (NAM) -- the nation's largest industrial trade association -- urges you to support S.J.RES. 39, a "resolution of disapproval" to prevent implementation of the Interim Final Rule defining grandfathered health plans under the Patient Protection and Affordable Care Act.

The grandfather rule, as currently drafted, does not meet the standard on which the push for reform was predicated -- insure the uninsured and allow those with coverage to keep an existing plan. The Department of Health and Human Services' own analysis determined that up to 80 percent of existing small plans will lose their grandfathered status. Employers are proud to offer their employees health insurance, and freezing this benefit limits employers' ability to provide quality coverage.

Currently, 170 million people receive insurance from their employers. Under the new law, the health plans covering these employees were to have grandfathered status and were not to be subjected to the broad insurance market reforms necessary for newer plans. This exemption was intended to allow employees to keep the coverage they currently have and with which they are most comfortable. However, the Interim Final Rule limits the ability of these plans to make routine modifications that will control the rising health care costs crippling many manufacturers.

The rule also removes grandfathered status from those who are fully insured if they change issuers. This eliminates the ability of many smaller businesses to negotiate with insurers to obtain lower rates. Those that are fully insured should be able to negotiate with competing issuers and maintain grandfathered status if they change issuers. This would allow for a competitive marketplace, keep costs down and create parity for smaller businesses that, without a large pool of insured to manage costs like most self-insured plans, use the competition of an open market to lower costs. As a result, the current rule places small businesses at a significant disadvantage.

Ninety-seven percent of NAM members provide health insurance to their employees. Manufacturers are proud to provide health care to their employees and would like to continue that benefit. The rule, as it stands, will decrease competition and create a stagnant, uncompetitive and more expensive insurance market.

The Senate should disapprove this rule because it will unnecessarily disrupt the current employer-based system, which provides coverage to millions of Americans. As manufacturers face tremendous uncertainty in these challenging economic times, Congress should not allow a federal agency to issue regulations that harm manufacturers' ability to create and retain jobs.

On behalf of manufacturers, we urge your support for S.J.RES.39 and look forward to working with you on our shared goals for a strong economy and job creation.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Trauger", is centered on a light beige rectangular background. The signature is fluid and cursive, with a large initial "J" and "T".

Joe Trauger