



Statement for the Senate Committee on Finance

October 20, 2021

Health Insurance Coverage in America: Current and
Future Role of Federal Programs

Submitted by
Partnership for Employer-Sponsored Coverage

The Partnership for Employer-Sponsored Coverage is an advocacy alliance of employment-based organizations and trade associations representing businesses of all sizes and the more than 181 million American workers and their families who rely on employer-sponsored coverage every day. We are committed to working to ensure that employer-sponsored coverage is strengthened and remains a viable, affordable option for decades to come. We urge caution in considering expansion of public programs to safeguard employer-sponsored coverage in the years ahead.

Employer-sponsored coverage has been the backbone of our nation's health system for nearly eight decades. Employers of all sizes contribute vast resources to employees and their families through the employer-sponsored system. Employers have a vested interest in health care quality, value, and system viability. Employers have been on the leading edge of health delivery innovation and modeling for decades.

Benefits offerings and coverage plans in the employer-sponsored system are as diverse as employers and employees themselves. With self-insured coverage under the Employee Retirement Income Security Act (ERISA), an employer can tailor coverage to meet their workforce's specific needs across state lines. They pay all health claims and bear the financial risk and utilize third-party administrators (insurance carriers) for daily plan management. Through the fully-insured state regulated insurance market, employers purchase a prescribed benefit insurance product sold in a state from an insurance carrier and does not bear the full financial risk of claims.

Employers have led the way in benefits design and innovation for decades and will continue to do so for decades to come. There is no one-size-fits-all employer health plan, nor should the federal government enact or implement laws that stifle an employer's ability to develop benefits offerings that meet the needs of their specific workforce. All levels of government should work constructively with private sector employers to ensure that employers have the tools and flexibility to foster benefits design and innovations that provide employees with benefits that are crucial to the wellbeing of themselves and their families.

The foundation of the employer-sponsored coverage system is rooted in workforce policy and business operations. Employers of all sizes offer coverage for employee recruitment and retention, and the functionality of a business is centered around a productive, thriving, and healthy workforce.

The ability to offer coverage to employees and the capacity to operate a business for its core purposes are not mutually exclusive functions. An employer offer of coverage is not merely a transaction in which an employee fills out paperwork, enrolls in coverage, and receives an insurance card; it is a multi-faceted fiscal and operational commitment at the core of any business. As employers are making the decision to offer coverage and determine which type of coverage to offer their employees, a critical aspect of this deliberation is the administrative compliance costs and complexities associated with coverage.

While considering legislative and regulatory policy development and implementation, federal lawmakers and regulators must understand and appreciate the societal and economic commitments employers make to our nation's workforce through the employer-sponsored coverage system. The following policy and implementation questions should be carefully considered in the context of today's hearing and future deliberations.

- What would "Medicare for All" mean for employment? Recruitment and retention of employees?
- How would a Medicare or Medicaid buy-in program be an advantage or disadvantage to employees and employers?
- How would expansion of Medicare or Medicaid through a buy-in effect current program beneficiaries and resources?
- How would a Medicare or Medicaid buy-in program effect timely access to providers and services for the influx of new beneficiaries?
- How would the employee-employer relationship change by a Medicare buy-in plan? Specifically with regard to working Americans between 50-64?
- What is a Medicare buy-in program striving to accomplish? Insure a cohort of uninsured? Why not consider a firewall to protect employer health plans?
- How would a Medicare/Medicaid buy-in program effect take-up rates for fully-insured employer-sponsored plans? How would it effect other populations of employees?
- How would the cost of existing employer coverage be affected by an employee-option model for Medicare buy-in?

The Partnership for Employer-Sponsored Coverage opposes "Medicare for All." Dismantling our nation's private sector employment-based health system which provides coverage to the largest percentage of the population would create utter chaos and massive disruptions to the care system for all Americans. We urge Congress to devote its attention and resources toward issues to improve our current health care system, such as increasing market competition, providing more coverage choices and access to providers for all Americans, and addressing systematic cost drivers and wasteful spending. Our public principles include:

- Preserving the current tax treatment of employer-sponsored coverage;
- Promoting innovations and diversity of plan designs and offerings for employees;
- Providing employers with compliance relief from burdensome regulations; and,
- Protecting ERISA.

As a coalition representing business of all sizes, the Partnership for Employer-Sponsored Coverage has the unique ability to provide operational input across the full spectrum of the employer system – from the smallest family-owned business to the largest corporation. Employers have a great stake in the development and implementation of health care policies. We stand ready to work with the 117th Congress in a bipartisan manner to strengthen and preserve our nation's private sector employment-based health system.

PARTNERSHIP FOR EMPLOYER-SPONSORED COVERAGE