



Solutions for Today, Strong Policy for Tomorrow

Creative Health Benefits

May 14, 2018

Submitted electronically via: 1332waiver@ldi.la.gov

Louisiana Department of Insurance
ATTN: State Innovation Waiver Proposal
P.O. Box 94214
Baton Rouge, LA 70804-9214

Re: Louisiana Proposal for ACA Section 1332 State Innovation Waiver

Dear Sir or Madam:

The National Business Group on Health appreciates the opportunity to provide comments on the Department of Insurance's ACA section 1332 state innovation waiver application.

The National Business Group on Health represents 420 primarily large employers, including 75 of the Fortune 100, who voluntarily provide group health plan coverage to over 55 million American employees, retirees, and their families. A number of these employers employ and provide group health coverage for employees and retirees in Louisiana. Our members employ and provide health coverage under a wide variety of arrangements, including full-time, part-time, seasonal, and temporary. They often have multiple lines of business in multiple locations and tailor employee work and benefit plans to the specific needs of each line of business. Our members' group health plans generally are self-insured.

In regard to Louisiana's 1332 waiver application, we support efforts to maintain a viable, affordable individual market for health insurance. However, our members have serious concerns with financing the proposed reinsurance program with a per-covered-life fee on both self-insured and fully insured lives. As employers continue to develop group health plan designs and comply with applicable legal requirements—including those under the Affordable Care Act—primary concerns remain:

- (1) Minimizing the administrative and cost burdens associated with those requirements and
- (2) Having flexibility to provide comprehensive health coverage in the most efficient, cost-effective way possible while ensuring employee affordability and access to providers and facilities that provide high-quality, evidence-based care.

Our members are concerned that the proposed per-covered-life fee will only increase costs and provide little to no benefit to employees and their dependents. Therefore, we welcome the Department of Insurance's (Department's) efforts to incorporate input from all stakeholders.

We urge the Department, in developing its state innovation waiver application, to consider the following:

- Large employers are at the forefront of implementing innovative plan designs that deliver high-quality, cost-effective, and affordable health coverage. Uniform, efficient plan administration is critical to such innovation.
- Minimizing cost and compliance burdens will allow employers to devote more resources to maintaining and developing high-quality health coverage that is affordable for employees and their dependents.
- The proposed per-covered-life fee would only increase burdens on employers and employees without providing any benefit to the employees and dependents covered by group health plans.

We therefore recommend that the proposed per-covered-life fee not apply with respect to lives covered by self-insured group health plans. We provide further discussion below.

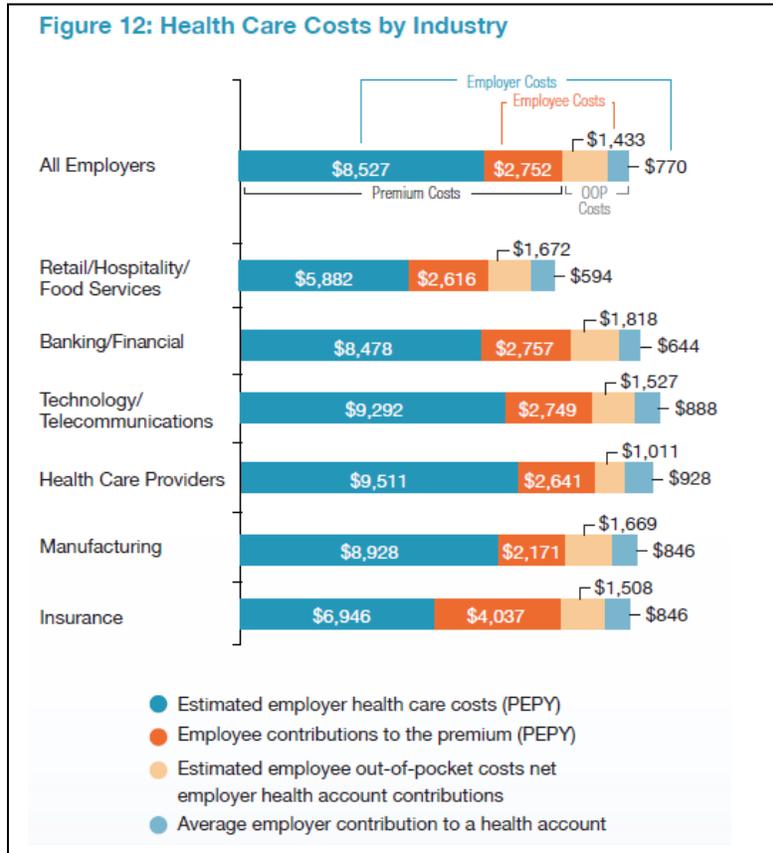
I. Features of Large, Self-Insured Group Health Plans

We encourage the Department, in developing the proposed reinsurance program, to take into account large, self-insured group health plan designs and goals. As noted above, National Business Group on Health members employ and provide health benefits for employees in a wide variety of industries, locations, and work arrangements. To ensure the efficient, cost-effective plan administration, it is critical that plan sponsors be able to adapt their compliance procedures to current plan structures. Therefore, we recommend that the Department take into account that ERISA's preemption provision explicitly provided for national, uniform administration of self-insured employee benefit plans and preempts fees such as the proposed per-covered-life fee. ERISA's preemption provision is crucial to the efficient administration of multi-state group health plans such as those maintained by Business Group members. Uniform administration allows large employers to offer benefits packages for all employees, streamline administration and communications processes, and reduce costs by negotiating with providers on a multi-state or national basis. Uniform administration also provides much-needed flexibility to tailor plan designs to the features and needs of employers and their employee populations.

II. Need to Control Cost of Health Coverage

As noted above, we support Louisiana's efforts to maintain an affordable individual health insurance market. However, we emphasize that as the health care system becomes more complex and costly for both employers and employees, there will be an even

greater need to minimize costs—including assessments like the proposed per-covered-life fee. For 2017, our members estimated that health care costs on a per employee per year basis would be \$11,279, approximately \$2,752 of which would be borne by employees. Our members expected overall health care costs to increase by approximately 5% in 2018.¹ Maintaining employee affordability for high-quality care is a paramount concern.



In efforts to contain costs and increase participant engagement in health care, large employers are offering consumer-directed health plans (CDHPs) such as high-deductible health plans paired with health savings accounts. Our members estimated that by 2018, 90% of large employers would offer CDHPs.² Our members are also implementing plan features designed to change how health care is delivered and paid for, such as telehealth services, on-site clinics, and accountable care organizations. These trends indicate that in the coming years, group health plans will need to focus on minimizing overall plan costs and adopting innovative solutions to rising health care costs.

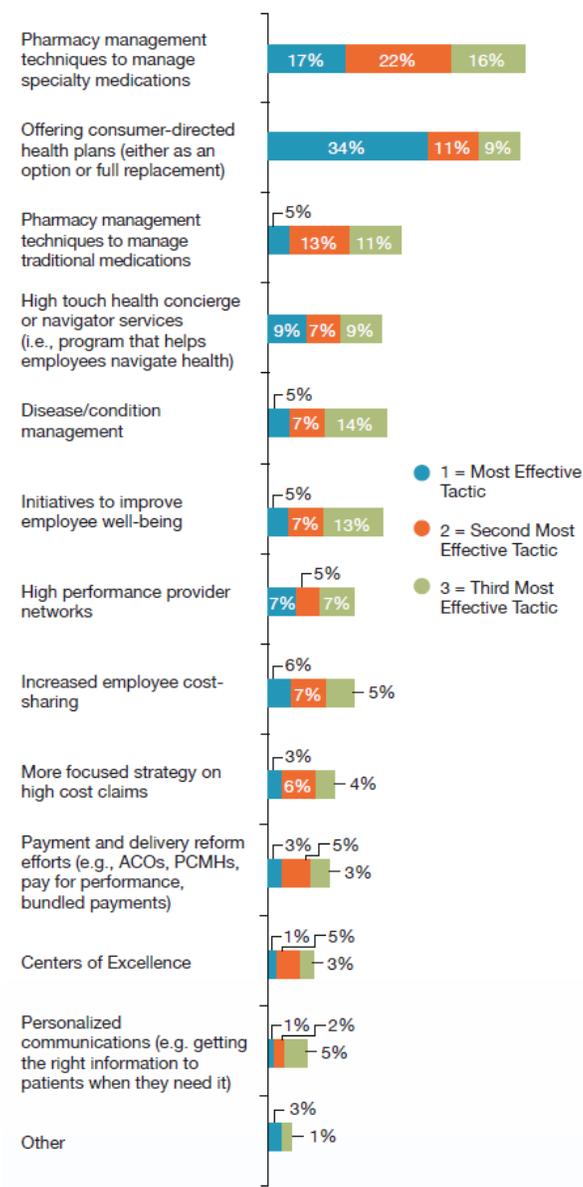
Our survey results highlight the most effective tools for controlling overall health care costs.³

¹ National Business Group on Health, *2018 Large Employers' Health Care Strategy and Plan Design Survey* 7, 10 (2017).

² *Id.* at 11.

³ National Business Group on Health, *2018 Large Employers' Health Care Strategy and Plan Design Survey* 9 (2017)

Figure 15: Most Effective Tactics to Control Health Care Costs



Note: Other responses included: vendor contracting and purchasing coalitions.

As employers continue to seek ways to maintain high-quality, cost-effective health coverage for employees and dependents, fees such as the proposed per-covered-life fee will only force employers and employees to bear additional costs with no discernible benefit. We therefore urge the Department to clarify that the proposed per-covered-life fee does not apply with respect to lives covered by self-insured group health plans. We also encourage the Department, as part of its 1332 state innovation waiver process, to incorporate the above health care delivery reforms and value-based payments into its health insurance market rules to ensure a sustainable health care market going forward.

NATIONAL BUSINESS GROUP ON HEALTH®

Thank you for considering our comments and recommendations. Please contact me or Debbie Harrison, the National Business Group on Health's Assistant Director of Public Policy, at (202) 798-4421 if you would like to discuss our comments in more detail.

Sincerely,

A handwritten signature in black ink that reads "Brian Marcotte". The signature is written in a cursive style with a long, sweeping tail on the letter "t".

Brian Marcotte
President