



AMERICAN COUNCIL OF ENGINEERING COMPANIES

Health Care Reform

ISSUE

ACEC supports health care reforms that lower costs, retain flexibility for employers, increase competition in the health insurance market, and place commonsense limits on medical malpractice liability. However, efforts by the Obama Administration and Congress to adopt a health care reform bill that could impose mandates on firms without addressing these issues raise serious questions.

In particular, some versions of the legislation include a requirement that employers provide a mandated level of health insurance or pay a substantial tax. In addition to covering a specific list of benefits, employers would have to pay at least 65% of the premium for family coverage and 72.5 % of the premium for individual coverage. These new requirements would be likely to increase, not decrease, health insurance costs for employers.

In addition, the employer mandate would limit the flexibility firms currently have to modify benefits or expand cost-sharing with employees during challenging economic times. In service industries such as engineering, in which the majority of a firm's costs are labor-related, limiting this flexibility could lead to reduced employment levels.

The potential introduction of a government-run health program also poses serious concerns. The creation of an insurance provider that receives taxpayer funds and does not have to meet solvency or other requirements could crowd private insurance companies out of the market. In addition, limiting payments from a government insurance plan to doctors and other medical providers to rates that are close to those paid by Medicare and Medicaid would only increase the cost-shifting that already occurs from government health programs to the private sector.

Rather than adopt uncertain approaches that could increase costs and burden the economy, ACEC urges Congress to focus on areas of consensus in the health care reform debate. There is widespread support for insurance reforms such as prohibiting insurance companies from limiting coverage based on pre-existing conditions, eliminating annual and lifetime limits on the amount of coverage plans provide, and restricting the variation in premium rates based on factors such as age or family size. In addition:

- ACEC supports cooperative approaches to accessing affordable, quality insurance products, permitting businesses to use their collective purchasing power to negotiate lower insurance rates. ACEC has used this approach effectively over the years through the ACEC Life Health Trust. Legislation to make it easier for members of ACEC and other trade association members to join together in purchasing health insurance products should be a part of the overall solution to addressing the nation's health care needs.
- ACEC supports changing federal law to allow individuals and employers to purchase health insurance across states lines in order to increase competition and provide better health insurance products at lower prices.
- ACEC and the business community also agree that the legislation should include commonsense limits on medical malpractice liability. President Obama noted in his speech to a joint session of Congress that many doctors practice defensive medicine, which serves to drive health care costs upward. Reducing these unnecessary costs would benefit patients, doctors, and employers.

ACEC POSITION

Support passage of legislation that lowers costs for employers and their employees, retains needed flexibility for employers, includes cooperative approaches to health insurance, increases competition, and places reasonable limits on medical malpractice liability.