



July 23, 2008

Hon. Salvatore DiMasi, Speaker
 Massachusetts House of Representatives
 State House, Room 356
 Boston, MA 02133

Hon. Therese Murray, President
 Massachusetts State Senate
 State House, Room 332
 Boston, MA 02133

Dear Speaker DiMasi and Senate President Murray:

On behalf of a broad group of business organizations and health plans committed to ensuring access to quality and affordable health care in the Commonwealth, we are writing to express our strong opposition to the provisions in Governor Patrick's 2008 Supplemental Budget Bill imposing new assessments and taxes to fund the state's Health Care Reform Law. The bulk of these costs will be borne by employers, who have already increased their health care spending by an estimated \$500 million due to various components of the law, and would do nothing to control the underlying factors driving health care costs.

Massachusetts struck a delicate balance in the passage of the Health Care Reform Law and is now a national leader in comprehensive health insurance reform. This model was unique not only because of its innovative features but because of its broad and diverse stakeholder support, the business community being most notable among them. Several of the signatories below were part of the broad coalition that helped to pass the Health Care Reform Law.

We understand the importance of ensuring that those programs are fully funded. However, the underlying assumptions driving the need for new revenue are uncertain at best, based on projected growth in enrollment of 50,000 covered lives when, in fact, enrollment in Commonwealth Care has been flat for several months. In the midst of an economic downturn and uncertainty concerning the final resolution of the Federal Medicaid Waiver, it is perplexing to us that the Administration is putting forth this proposal at this time. Further, assessing health plan reserves is ill-advised as it will only lead to higher health insurance premiums. While it has been described as a one-time assessment, we are concerned that this will become a permanent tax as costs continue to rise.

The impetus for an increased assessment on employers is the notion that they are not doing their "fair share." That notion is baseless. Despite facing double-digit rate increases for the past several years and health care costs that are 33 percent above the national average, Massachusetts employers have consistently been above the national average in providing coverage. According to the state's Division of Health Care Finance and Policy, more than four out of every five insured individuals in this state under the age of 65 receive coverage through an employer. So when costs go up, employers bear the bulk of the increase.

Employers have faced additional responsibilities either directly or indirectly with the passage of the Health Care Reform Law. Some employers have seen large increases in the number of individuals they are covering due to increased take-up, some have had to upgrade their benefit plans to meet the new standards of minimum creditable coverage determined by the Connector, and others have had to increase the amount they contribute due to the law's anti-discrimination provisions. It has been estimated that these changes have resulted in employers increasing their health care spending by \$500 million.

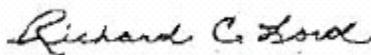
Meanwhile, the bulk of the premium dollar is going to pay for the cost of medical care and other services that directly benefit consumers. While revenues for the six local commercial health plans rose by 7 percent between 2006 and 2007, medical expenses went up 8.33 percent, while administrative costs rose slightly more than four percent (4.39 percent) and surpluses decreased nearly 40 percent (38.95 percent).

With the Commonwealth facing a bleak fiscal reality and employers and consumers struggling with rising health care costs, the Governor's proposal is the wrong approach. Asking employers to pay more will surely erode their support for health care reform – a factor that was critical in getting Chapter 58 enacted, making it work to date, and ensuring its future success.

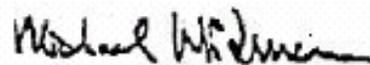
Our collective efforts must be focused on ways to contain health care costs. We applaud both of you on your efforts to enact health care cost control legislation as an important first step. Cost control is the critical issue surrounding the long-term sustainability of health care reform. A number of the signatories individually have offered to the Administration recommendations on measures to control costs, which have not been adopted, and we would be happy to share these ideas with you and members of your staff. Unfortunately, the Governor's proposal would add to the cost of health care, do nothing to address the factors fueling health care cost increases, and runs counter to the Cost Containment Bill.

We would urge you to take no action on those provisions imposing new assessments and taxes to fund the state's Health Care Reform Law. Immediate steps to control costs must be put in place, including measures to make better use of the existing dollars already in the system. We thank you for the opportunity to offer comments and look forward to continuing to work with you to ensure access to quality and affordable health care for all Massachusetts residents.

Sincerely,



Richard C. Lord, President & CEO
Associated Industries of Massachusetts



Michael Widmer, President
Massachusetts Taxpayers Foundation



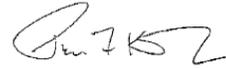
Paul Guzzi, President & CEO
Greater Boston Chamber of Commerce



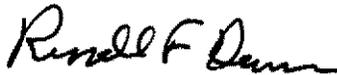
Alan G. Macdonald, Executive Director
Massachusetts Business Roundtable



Peter Forman, President & CEO
South Shore Chamber of Commerce



Peter F. Kortright, President & CEO
Fall River Chamber of Commerce & Industry



Russell F. Denver, President
Affiliated Chambers of Commerce of Greater Springfield



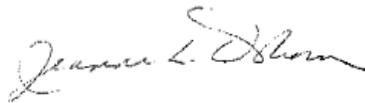
Richard B. Kennedy, President & CEO
Worcester Regional Chamber of Commerce



Jon B. Hurst, President
Retailers Association of Massachusetts



William Vernon, Massachusetts State Director
National Federation of Independent Business



Jeanne L. Osborn, President and CEO
Greater Lowell Chamber of Commerce



A. Theodore Welte, CCE, President & CEO
MetroWest Chamber of Commerce



Christopher R. Anderson, President
Massachusetts High Technology Council



Francis R. Carroll, Founder and CEO
Small Business Service Bureau, Inc.



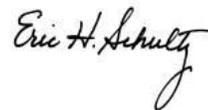
Shannon Linde, Vice President
The MBA Group



Jeff Rich, Vice President
Northeast Business Trust



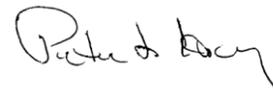
Jean Russell, President
MA Association of Health Underwriters



Eric Schultz, President & CEO
Fallon Community Health Plan



Charles Baker, President & CEO
Harvard Pilgrim Health Care



Peter Straley, President & CEO
Health New England



James Roosevelt, Jr., President and CEO
Tufts Health Plan



Marylou Buyse, M.D., President and CEO
Massachusetts Association of Health Plans



Robert Sorrenti, M.D., Chief Medical Officer
UniCare

cc: His Excellency Deval Patrick
Hon. Robert DeLeo, Chair, House Ways and Means Committee
Hon. Steven Panagiotakos, Chair, Senate Committee on Ways and Means
Massachusetts House of Representatives
Massachusetts Senate
Leslie Kirwan, Secretary, Executive Office for Administration & Finance
JudyAnn Bigby, MD, Secretary, Executive Office of Health & Human Services