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Alliance for Economic Justice

January 11, 2010

American Federation of Teachers

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

American Income Life Insurance Company

American Postal Workers Union

Catholic Healthcare West

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, DC 20515

Communications Workers of America

IBM

International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers

Dear Senator Reid and Speaker Pelosi:

International Alliance of Theatrical, Stage Employees and Moving Picture Technicians

On behalf of the national labor unions and businesses that comprise the membership of *America's Agenda: Health Care for All*, we are writing to express our strong opposition to the excise tax on higher-cost health plans included in HR 3590, the *Patient Protection and Affordable Care Act* and urge you not to include this provision in the final conference report.

International Association of Fire Fighters

Americans across a broad political spectrum agree on the need for federal health-care reform that will drive down costs that, if left unchecked, will continue to stagnate family incomes and undermine prospects for near-term economic growth and job creation. It would be a tragic irony if, after Congress has achieved such unprecedented progress toward enacting federal health reform, the excise tax on so-called "Cadillac" health plans contained in the Senate bill were to adversely impact American families and businesses, particularly when we need to be doing more to help them weather the recession.

International Federation of Professional and Technical Engineers

International Union of Bricklayers and Allied Craftworkers

Johnson & Johnson

Kaiser Permanente

Laborers' International Union of North America

We are aware of the theoretical argument that the excise tax would "bend the cost curve" by curtailing demand for higher cost, benefit-rich insurance plans. Indeed, the proposed excise tax will limit demand for high cost plans, but the net effect will be to accelerate the long-run growth in health costs

Office and Professional Employees International Union

Pharmaceutical Research and Manufacturers of America

As the Joint Committee on Taxation (JCT) affirms, the excise tax will lead employers and employees to opt for lower-cost health plans that feature higher deductibles and more out-of-pocket expenses in order to place premiums below the excise tax threshold. Yet, high deductibles and out-of-pocket costs are leading obstacles to patient access to medical services essential to prevention and treatment of chronic diseases. Such barriers contribute to the exploding incidence and growing cost of treating chronic diseases that already account for 75% of overall national health spending and as much as 95% of spending in Medicare.

Service Employees International Union

Sheet Metal Workers International Association

Textron Inc.

Union Labor Life Insurance Company

United Mine Workers of America

The growing epidemic of chronic disease in the US currently accounts for two-thirds of the annual growth in national health spending. A significant number of major employers (including business members of *America's Agenda*) have demonstrated that the overall growth rate in health costs can be reduced – and health outcomes significantly improved – by designing health plans that reduce or eliminate employee cost sharing for disease prevention and treatment services. The proposed excise tax on health plans takes American health care in the wrong direction.

United Food and Commercial Workers

United Union of Roofers

United Auto Workers

We are also concerned about the negative financial and health impact of an excise tax on the most vulnerable middle class Americans. Many of the relatively high-cost health insurance plans in the current market reflect the prevalence of older or sicker workers, rather than the presence of excessive health plan benefits. By targeting increased taxes and health care costs at tens of millions of the most vulnerable workers, the excise tax will hurt the very Americans who most need relief from the crushing burden of health cost inflation.

We urge you, instead, to choose alternative revenue-raisers that are less likely to undermine the objectives of reform. Viable options have been proposed.

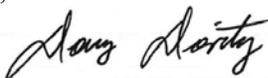
We agree with the JCT's observation that the most effective way to reduce health care spending is to create a more highly coordinated health care delivery system that promotes and rewards integrated, team-based approaches to providing high quality patient care in more cost-effective ways. One of the most promising and proven ideas for achieving this is establishing physician-led personal health teams charged with coordinating comprehensive care and support patients need to prevent and effectively manage chronic illness through all stages of care.

It is within Congress' reach this year to adopt this kind of reform in all federal programs and participating private insurance plans. Americans want reform that will improve quality of care they receive, while reducing the relentless growth in our nation's costs.

Imposing an excise tax on employee health benefits – one that will increase the cost of coverage, reduce the quality of care, and target the most vulnerable, middle class Americans -- is not the kind of health reform Americans deserve. We can – and must – do better.

Thank you for your consideration.

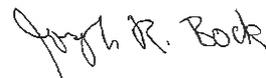
Sincerely,



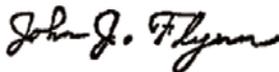
Douglas H. Dority
President
America's Agenda: Health Care for All



Mark C. Blum
Executive Director
America's Agenda: Health Care for All



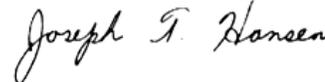
Joseph Bock
Attorney
Florio & Perrucci, LLC



John Flynn
President
International Union of Bricklayers and Allied
Craftworkers



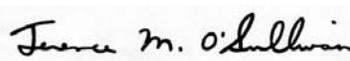
Michael Goodwin
President
Office and Professional Employees International Union



Joseph T. Hansen
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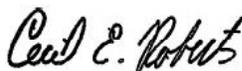
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Terence M. O'Sullivan
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Edward Smith
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Union Labor Life Insurance Company



Roger Smith
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