



September 14, 2011

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Dear Representative:

On behalf of the 1.6 million members of the American Federation of State, County and Municipal Employees (AFSCME), I am writing to express our opposition to legislation that would roll back improvements under the Affordable Care Act (ACA) that the Energy and Commerce Health Subcommittee will discuss this Thursday.

H.R. 2077 would repeal the medical loss ratio (MLR) requirements of the ACA. The MLR provision ensures that consumers get their money's worth when they purchase health insurance. The ACA requires insurance companies to spend 80 to 85 percent of premium dollars on health care services, rather than spending it on exorbitant administrative overhead, executive salaries, marketing and profits that cheat consumers out of a fair value for their premium dollar. Significantly, a recent GAO report shows that the MLR requirements is putting downward pressure on insurance premiums, encouraging insurers to become more efficient and competitive.

The Subcommittee will also discuss a draft bill that would prohibit enforcement of the interim final regulations published regarding grandfathered plans. The regulations ensure that all plans comply with certain basic consumer protections. Specifically, plans may no longer apply lifetime coverage limits, impose recessions or maintain exclusions for pre-existing conditions for children (and for adults beginning in January 2014). All plans must also cover adult children up to age 26. Additional protections under the ACA will be phased in for plans that existed on March 23, 2010, as those plans take new shape with substantial changes in benefits or costs. These phased-in benefits include free preventive care, a prohibition on annual limits or a waiting period beyond 90 days (in 2014), premium rate review and, a prohibition on discriminatory premiums based on health status and out-of-pocket maximums (in 2014).

The draft bill to be discussed by the Subcommittee would nullify all of these protections for any plan that existed before the enactment of the ACA. This effectively denies the guarantee of these patient protections to 160 million people who have employer-sponsored coverage.

Both the grandfather regulations and the MLR provide much-needed protections for consumers. We strongly urge the Subcommittee not to advance these bills.

Sincerely,

Charles M. Loveless
Director of Legislation

CML: bcr

American Federation of State, County and Municipal Employees, AFL-CIO

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