



STATEMENT FOR THE RECORD BY

PARTNERSHIP FOR EMPLOYER-SPONSORED COVERAGE (P4ESC)

TO THE

U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON EDUCATION AND THE WORKFORCE

SUBCOMMITTEE ON HEALTH, EMPLOYMENT, LABOR, AND PENSIONS

“LOWERING COSTS AND INCREASING ACCESS TO HEALTH CARE WITH
EMPLOYER-DRIVEN INNOVATION”

January 11, 2024

Chairman Good, Ranking Member DeSaulnier, and Members of the Subcommittee, thank you for the opportunity to submit a statement on the record on behalf of the Partnership for Employer-Sponsored Coverage (P4ESC) for the hearing entitled “*Lowering Costs and Increasing Access to Health Care with Employer-Driven Innovation.*” We appreciate the Subcommittee’s interest in the many ways employers are offering innovative health benefits designed to increase employees’ access to affordable health care services. We look forward to working with you to help build progress toward our shared goals.

P4ESC is a nonpartisan advocacy alliance of employment-based organizations and trade associations representing businesses of all sizes and sectors, and the millions of Americans and their families who rely on employer-sponsored coverage every day. Employer-sponsored coverage is the single largest source of coverage in our nation.

Employer-sponsored coverage has been the backbone of our nation’s health care system for more than eight decades. Employers of all sizes contribute vast resources to employees and their families through the employer-sponsored system. Employers have a vested interest in health care quality, value, and system viability. Employers have been on the leading edge of health delivery innovation and modeling for decades.

The **federal ERISA law (*Employee Retirement Income Security Act of 1974*)** plays an essential role for multistate employers by enabling uniform health benefits and administration across state lines. These common benefits through ERISA have made possible the innovation that has driven employer-based coverage. It has served as a laboratory for innovation. ERISA should be celebrated and strengthened in this, its 50th anniversary year.

Employer-sponsored coverage – whether self-insured or fully-insured – holds a distinct advantage over coverage sold in the individual market. Workplace-based coverage groups together employees without regard to their health status. These pools tend to be more stable over time and more predictable leading to lower premium trends than other pooling arrangements. Controlled entry and exit from the plan, employer contributions, and the ability of younger, healthier employees to offset the cost of older or less healthy employees helps keep coverage more affordable across the entire workforce. This natural pooling of employees in the private sector is more affordable and effective than pools in which less healthy individuals have a greater incentive to join than do healthier ones.

Employers have led the way in benefit design and innovation for decades and will continue to do so for many decades to come. There is no one-size-fits-all employer health plan, nor should there be. **The federal government must not enact or implement laws that stifle an employer’s ability to develop benefit offerings that meet the specific workforce needs regardless of where that workforce is located.**

This subcommittee and Congress as a whole can help facilitate further innovation in benefit design. We agree with others that **accountable care organization (ACO) arrangements** with integrated health systems can help deliver coordinated, high-quality care. **Direct contracting** with health care providers that focus on population health, disease prevention and improved primary care have also shown promise. We encourage Congress (in tandem with community-centric policies¹) to further facilitate ACO arrangements and direct contracting in both public and private plans. We also support the *Primary Care Enhancement Act* (H.R. 4301) to allow employers to pay for the cost of direct primary care arrangements. This would also allow patients participating in a direct contracting arrangement to contribute to and use their Health Savings Account (HSA) to pay for their direct primary care arrangements.

The development and growth of **telehealth services** through the pandemic and beyond is another good example of employer innovation. Telehealth visits allow individuals who may not have a primary care provider (or timely access to one) an affordable alternative to an otherwise unnecessary and expensive emergency room visit. Employees greatly value telehealth.

We thank the subcommittee members for advancing the “*Telehealth Benefit Expansion for Workers Act of 2023*” (H.R. 824) and join calls that encourage Congress to pass the bill at next legislative opportunity. This bill would allow employers to offer standalone telehealth benefits to millions of individuals who are not enrolled in the employer’s full medical plan, such as part-time workers, seasonal workers, persons on a waiting period or interns. Access to telehealth services can better triage care than a crowded hospital emergency room.

¹ P4ESC is also concerned by excessive consolidation in health care, especially with hospitals and physician practices. These inevitably add unnecessary cost to coverage.

Conclusion

As a coalition representing businesses of all sizes, the Partnership for Employer-Sponsored Coverage appreciates the opportunity to provide these comments to members of the Subcommittee. P4ESC represents employers across the spectrum of the employer system – from the smallest family-owned business to the largest corporation. Employers have a significant stake in developing and implementing health care policies, and we look forward to working with you and your colleagues in a bipartisan manner throughout the 118th Congress. If you or your staff would like to meet to discuss any of the issues raised in our statement, please have your staff contact P4ESC’s Executive Director Neil Trautwein at neil@trautweinstrategies.com.