

October 20, 2009

The Honorable John Kerry
United States Senate
218 Russell Senate Office Building
Washington DC 20510

Dear Senator Kerry,

We are writing in strong support of your proposal to ensure that health plans offered in the health insurance exchanges represent the best value for consumers and taxpayers. We urge inclusion of this important provision in the bill that goes to the Senate floor.

The combination of strengthened insurance rules, newly-created health insurance exchanges, and subsidies to purchase coverage will expand the insurance choices available to Americans, particularly those without employment-based coverage. However, we believe that more can and should be done to ensure the plans offered in the exchange are a good value for the families who purchase them and are an efficient use of taxpayer subsidies. Your proposal to allow states to negotiate with plans in the exchange, rather than simply to accept all licensed health plans, will give states an important tool to control the rise of health care costs over the long term.

Negotiating with health plans is common practice – and common sense – for other large purchasers. States negotiate with private plans to improve the value of Medicaid managed care and state employee benefit plans, the federal government negotiates with plans participating in the Federal Employee Health Benefits Plan, and large employers negotiate with the health plans they offer their workers. As you well know, in Massachusetts, the Connector generates premium saving of approximately 6% by negotiating for lower bids in Commonwealth Care. Over the three years of the program, premiums have been constrained, growing only 4.7% in Commonwealth Care versus 8% in other private insurance.

Controlling the long-term growth of health care costs and keeping coverage affordable for families are necessary goals of health reform, and this proposal offers a sensible and direct contribution toward achieving both goals. Thank you for offering this forward-thinking proposal.

Sincerely,

AARP
AFL-CIO
AFSCME
AIDS Action Baltimore
AIDS Action Council
AIDS Taskforce of Greater Cleveland
AIDS Treatment Data Network
American Federation of Teachers
American Hospice Foundation
American Medical Women's Association

American Psychoanalytic Association
Campaign for America's Future
Campaign for Community Change
Cedar River Clinics
Center for Advancing Health
Center for American Progress
Center for Independence of the Disabled, NY
Center for Medicare Advocacy, Inc.
Childbirth Connection
Citizen Action of Wisconsin
Clinical Social Work Association
Community Catalyst
Consumers Union
Communication Workers of America
Easter Seals
Families USA
First Focus
H & S Enterprise, Inc.
Health Access California
Health Care for All
Health Care for America Now
Healthwise
HIV Medicine Association
Integrated Social Solutions, Inc.
International Union, United Auto Workers
Latinos for National Health Insurance
Main Street Alliance
Maine Consumers for Affordable Health Care
Malecare Prostate Cancer Support
Maryland Citizens' Health Initiative
Maryland Women's Coalition
Medicare Rights Center
NAACP
National Committee to Preserve Social Security and Medicare
National Consumers League
National Council of Jewish Women
National Disability Rights Network
National Education Association
National Family Farm Coalition
National Foundation for Mental Health
National Partnership for Women & Families
National Spinal Cord Injury Association
New Jersey Citizen Action
New Yorkers for Accessible Health Coverage
Our Bodies Ourselves
Out of Many, One

OWL - The Voice of Midlife and Older Women
PHI-Health Care for Health Care Workers
Progressive States Network
Raising Women's Voices for the Health Care We Need
Service Employees International Union
Small Business Majority
Small Businesses for Health Care Reform
South Carolina Small Business Chamber of Commerce
Tennessee Health Care Campaign
The LGBT Cancer Project-Out With Cancer
U.S. PIRG
UFCW International Union
United Spinal Association
Universal Health Care Action Network of Ohio
USAction
Utah Health Policy Project
White House Working Group of State Legislators for Health Reform
ZERO – The Project to End Prostate Cancer