

ANDREW SCHWAB 0:08

Alright, everyone, good afternoon and welcome to our webinar for today entitled A SYSTEM UNDER STRESS: The State of job-connected Health Insurance. It's nice to have you here with us today we have well over 100 folks joining right now and growing. So that's exciting. And thank you for sharing part of your afternoon with us.

My name is Andrew Schwab and I serve as Director of Policy Federal Affairs and Partnerships at United States of Care (USofCare). And today we're going to hear from a distinguished group of panelists who represent various stakeholders in the healthcare ecosystem, each with different perspectives about the state of this system we rely on to provide health benefits in America and health security to millions of people.

First, United States of Care Executive Director Emily Barson will help us understand the basics of job-connected health insurance (JCHI), the challenges it poses for employers and employees, and the work USofCare intends to engage in to surface conversations about what is the largest health care coverage piece in our American system.

Second, we'll hear from Annette Guarisco Fildes, the President and CEO of the ERISA Industry Committee, or ERIC, which is an organization that helps America's largest companies stay ahead of benefits policies. Annette is going to talk about how the biggest companies in the nation struggle with the cost and inertia that exists in the JCHI system.

Third, we'll hear from Elizabeth Mitchell, President and CEO of the Pacific Business Group on Health, a group which brings forward the perspectives of both private companies and public agencies about the cost of health care. Elizabeth will present on public and private employers focus on the price of health care being the main problem, but also in spite of that how employers maintain a healthy workforce with an eye towards innovation.

And finally, we'll hear from Dr. Erika Gonzalez, Co-chair of the Small Business for America's Future where she is a small business owner in San Antonio, Texas. Dr. Gonzalez will talk about how small businesses in particular struggle against the ever rising costs of providing their employees, many of which are like family quality health benefits, and how they face competitive disadvantage for talent as health benefit costs continue to climb year after year. At USofCare, we hope to continue this conversation long after today's webinar. But today's our first step together to talk about this structure, which provides health security to more Americans than any other. And now I'll turn it over to my leader and colleague, the Executive Director of the United States of Care. Emily Barson, Emily.

EMILY BARSON 2:54

Thanks, Andrew. And good afternoon, everyone. As you heard, I'm Emily Barson, Executive Director of United States of Care. On the next slide, you can see just a little about us. United States of Care is a nonpartisan nonprofit with a mission to ensure everyone has access to

quality, affordable health care, regardless of health status, social need or income. And we know this mission has never been more important or more relevant than right now during the COVID19 pandemic.

In order to expand access to health care for all people, we believe we must build a better, more fair health care system in the wake of COVID-19. While the public is not heavily focused on health care policy itself, we know that the largest concerns among voters were related to health. The coronavirus pandemic, which certainly ranks is one of the top concerns and the economy which has been deeply entwined and impacted by the pandemic.

Next slide at USofCare, we value diversity of background ideology and experience. We were founded by Andy Slavitt, the CMS Administrator under President Obama, and also are lucky to have as board member former GOP US Senate Majority Leader Bill Frist, and an esteemed bipartisan group of leaders from government health care and business. And we're also advised by more than 100 members of our Founder's Council, Entrepreneurs Council and our Voices of Real Life who bring a diverse array of perspectives to our work. Each of the members of all these leadership councils and our board can be found on our website [unitedstatesofcare.org](http://unitedstatesofcare.org).

To begin today, it's important for us all to understand the basics of job-connected health insurance, and do some level setting as to why USofCare has chosen this part of the healthcare system for discussion, examination and stakeholder feedback. The first number to know is 178 million, which is the number of people in the United States who get their health insurance from their job, or the dependent of someone who does. For comparison, around 60 million people are on Medicare and over 75 million are enrolled in Medicaid. So the job-connected health insurance market is bigger than those two government health plans combined.

The second number is \$240 billion, which represents the revenue the federal government forgoes because job-connected health benefits are treated as pre tax for both employers and employees. Known as a taxes expenditure, this loss of revenue for the government is the single largest one in the tax code. 14.6 million is a recent estimate of the number of people in the US who may have lost their health coverage because they also lost their job. Of course, this is particularly concerning during a pandemic, when the health of one individual is more connected than ever to the health of each of us. And while many of these folks may be eligible for Medicaid or ACA coverage, some won't be. And in any event, the disruption in terms of having to potentially find new providers and begin brand new deductibles partway into the year is important to pay attention to.

Finally we see that job-connected health insurance plans represent the majority of all health coverage in the country at 55%. This 75 year old system faces significant challenges for the people who rely on it, employees, and the organizations which pay for most of it. employers.

Let's go a bit deeper. According to the Congressional Budget Office, the amount you earn ends up being a solid indicator of whether your job offers you health insurance. So just 36% of employees with salaries below about \$39,000 for a family of four are estimated to have access

to employer coverage. On the flip side, 90% of those with incomes of \$103,000 or more, again, for a family of four are offered health and are offered health coverage. We can see that the average cost in 2020 of family health coverage was \$21,000, of which 70% was paid for by employers and 30% by employees. Employers really pick up the ball in that regard. But we see that in this system, the more you earn, the bigger the tax deduction the government provides to buy the same product. It's like saying a base price for a box of cereal is \$3. We get 20% off if you make \$100,000 per year, but only 12% off if you make \$50,000 per year.

In addition to the unequal access to people afforded in different income categories, job-connected coverage also, unfortunately, tracks familiar inequities along racial and ethnic lines that we see elsewhere in the healthcare system. And as you can see in 2019, white Americans are about 1.4 times more likely to have employer coverage than Black or Hispanic employees. The disparity and access to coverage may explain in part some of the disparities for morbidity by race, which we have seen clearly during the pandemic. In addition to these critical racial and economic inequities, there are other challenges shared by employers and employees in this system, many of which have been exacerbated under the COVID-19 crisis. First, many workers in America do not even have access to job-connected health insurance. In 2018, just about one out of every three workers or 32% did not have access to job based health coverage. For those who do have health insurance through their job, median income workers have seen a 47% increase in the combined cost of deductibles and premiums over the most recent 10 year period for which data is available. And make no mistake employers feel these increases as well, potentially stifling business investment and expansion. I talked in the previous slide about some of the inequities baked into this system. In fact, for those at the bottom 50% of the income spectrum, healthcare consumes 30-35% of their total compensation package far more than higher earners, you can see more of those distributions on the charts at the bottom of this slide, including that about a quarter of pre tax income for those at the bottom 10% of the income scale is spent on health insurance.

So as we think about how to move forward, given all that I just laid out, we think there are critical questions that we need to work together to answer. In general, we believe answering these questions in a collaborative way with the broadest cross section of healthcare stakeholders at the table can not only open up a space for us to finally talk about this under paid attention to part of our system, but also begin to build political consensus across sectors. We welcome feedback from all of you attending this webinar on some or all of these questions, and I would challenge us to be thoughtful in developing meaningful answers.

So what does this all mean?

This space is big, but we don't talk about its challenges enough, the tax code creates an inequitable distribution of the benefits of the job-connected health insurance system. Another wrinkle is that since federal law governs the health benefits of large employers, there's roughly a 60/40 split between Congress and the ability of states to regulate job-connected insurance, which makes policy progress difficult. Employers, large and small, are key to figuring out a way forward.

Finally, I want to share some visibility into what United States of Care intends to do in this space, on the next slide. First, we all need to come together to be part of the solution. Starting with all of you joining this conversation today, we plan to bring together people experiencing the health care system.

ANDREW SCHWAB 11:13

I think we may have lost Emily. Technical glitches. We apologize for that. We at United States of Care, want to bring as many people as possible into this system into talking about the challenges that it faces. And we're going to work with a diverse set of stakeholders, some of which are on this webinar to open a space to talk about it at the state and federal level. And we intend to use a diversity and inclusion view to ensure that all voices are at the table together in this conversation and this debate. And if you want to explore with us or examine with us, please contact me at [aschwab@unitedstatesofcare.org](mailto:aschwab@unitedstatesofcare.org). And we can go from there, together forward, which we hope to do. I will also add that we're going to have question and answer period at the end. So you can put those into the question and answer section now, which we will get to after our last speaker. With that I want to turn it over to the President and CEO of the ERISA Industry Committee, Annette Guarisco Fildes. Annette.

ANNETTE GUARISCO FILDES12:20

Thank you so much, Andrew. And Emily, that was a great setup for us. It's really a pleasure to join you all today. We look forward to engaging with you and a healthy debate in how we can have great health coverage available to everyone in this country.

At ERIC, we believe that employer sponsored health coverage is the best coverage in the country. And it's the backbone of the US system. But it's on a path that's simply unsustainable. Our Association represents 100 of the company's largest employers, you engage with them every day, pandemic or not. Whether you as it says here, drive your car, use your computer, your cell phone doesn't matter. The companies we represent have incredibly diverse workforces from people who are climbing the poles to, you know, fixing to ensure that you have electricity at home, to those serving you in restaurants across the country, to bank tellers, to technology workers, defense workers, you name it. And they all want the same thing. They want their employees to have the peace of mind that they have really great health coverage, that they when they need something, they're going to have access to the best doctors at an affordable cost. And that this peace of mind will create a sense of well being on them for them and their families. Because we want them to be healthy and happy no matter what the industry that they're in.

So there's three things I'd like to talk with you about if you could go please to the next slide. And the first is, as I said, costs are just out of control. We're on an unsustainable path. And the various things. You know, as an advocacy organization, I'm going to focus a lot on what Congress in the states can and haven't been able to do. And because we need policymaker

help, we're the only organization that lobbies on the federal level exclusively for the companies that provide health and retirement benefits to their own workforce, whether that's on the federal, state, local level, or in the courts as well. So the first thing is that costs are out of control. And the second is that employers really are running out of options, the private sector companies that we represent, which comprise our entire membership. Don't knee jerk look to the government for solutions. They think the marketplace should work, competition, transparency or what's needed, but it's not working in healthcare. And at this point, they want to look seriously at some government intervention. And the third is that employers and their employees are patients, the beneficiaries of our health insurance coverage, want transparency, they want price, they want competition, they want to know that their dollars are going for high value care, and not just spending money because the service is being provided.

So let's go to the next slide and dig a little bit deeper. Here is a list of policy measures that really should, frankly, have been enacted. They are addressing pending important needs. But they were defeated, if you will, by various sectors of the healthcare economy. I've been doing this for a long time. And it's always easier to stop something from happening than it is to get something over the finish line. Because all you have to do is focus your efforts in one industry sector to opposing something. And that usually works. Take surprise billing, for example. I think we can all agree no matter our background, that when a patient goes into a hospital situation that's in network and under their insurance plan, that they shouldn't receive bills from out of network providers, especially in situations where they were not able at the time to have the presence of mind to say are you in network before they're flown off in an air ambulance, or before an emergency room surgeon, you know, takes out their liver. It's just really not the situation where we're at. And I think there was bipartisan support for addressing it. But both the administration efforts as well as legislative efforts were defeated by hospitals and other organizations that were concerned, particularly doctor groups that were concerned about the impact on their bottom line. We have a system where health coverage is increasingly fragmented. We have Wall Street interests that are buying up various parts of the healthcare sector. And profit motives are dominant in this space. Now more so than ever before. Price transparency is another great example. The administration put out their rule and it's being challenged in court. We can talk forever about drug costs, and reforming the PBM system. All the players in the system can add value. And as employers, we believe they're important partners for us in providing health coverage to our workforce. But we need to see through exactly what the charges are, how much is being charged along the way, and our fair prices being given for our patients. Will we even know what they are ahead of time? Health savings accounts, you know, we have companies that after health savings accounts were initially put into the law in 2003, went full replacement, they offer no other option to their workforce, but a high deductible health plan with a generously funded health savings account. But the rules haven't been changed since then. And so rather than having bipartisan efforts to improve health savings accounts like allowing employers and insurers to offer more with first dollar coverage, better preventative care telemedicine services on site clinics and like, instead, we had efforts to increase the amount you could put into a health savings account. We've got to come together on these things so they can really improve the quality of care. Telehealth is another example. Rather than we go state by state to ensure that there would be enough providers for you and your families to be able to access through

telehealth. But a lot of times if they're not located in the state in which they're licensed and that they're sitting, your people can't get access to them. So we're working on reciprocity and payment rules so that telehealth can be more readily available and it's a boom in this pandemic situation. But what's happening now is rather than focusing on how we can get access to more providers through licensed reciprocity and the like, instead, legislators and the administration and others are pushing for providers to do it pushing for payment parity, so that telemedicine providers will have to charge the same amount as an in person visit when the costs are not the same and who loses but the patient who could we go to the next slide please.

So as I shared in the beginning, employers are kind of at the end of their rope. There's really no where left for them to turn. We have employee population with you know, studies showing people don't have more than \$400 on average in their savings account, we cannot ask them to pay any more. And over the many years, employers have done a yeoman's job of trying to rein in the cost of care so that they did not have to increase employee premiums or deductibles, or cost sharing. But we're running out of options. Thank goodness the Cadillac tax was repealed because we worked long and hard to get that out of the way, because that was requiring employers to begin early on cost shifting to their employees. Employers are looking at their older workforces, early retirees, they need some place to go. There's not a functioning private marketplace out there for people to buy insurance. Should we look at expanding Medicare and other ways to make the Health Insurance Marketplace more affordable, like a public option, all of these things need to be considered. And it's a challenge for us because our companies have never really thought this way before. But because costs are so out of control, they're really being forced to look at supporting these various options. Next slide, please.

My last point is on value. Employers, my member companies are huge companies. And they have a big presence all across the United States. And sometimes in a particular area, they have a big presence too, but not compared to the hospital system in all likelihood, and the other players in that area. So you would think that they could demand more for their value for the dollar that they spend. But they can't because the system is skewed toward a fee for service model that is outmoded and doesn't help patients at all. We want to pay for value. And we know in the healthcare system, just because you pay more for it does not mean that it's better. Whether it's a drug or service, a surgery, you name it, it doesn't mean that it's better, we need more information about what's better, comparative effectiveness information that we have so far hasn't been able to say, to look at costs, also to see whether or not we're getting more for the for the value of our dollar, we need more information through the transparency efforts that we've been lobbying on. So that cost and quality information are readily available to patients so they can make really good decisions. All that we do for them in terms of centers of excellence, and second opinion services, and all the counseling that we give them is really valuable, but they need some raw data to and we think that policymakers can make it happen.

We go to the last slide, which I think should be my last slide. So as Emily set it up in the beginning, a lot of people have coverage from their employers, more people than get coverage from any other system. And they like it and they want to keep it. ERISA, which is in the name of our association is the law from the 70s that provides employers that self insure their health care plans, federal preemption from state and local mandates. Despite that, it's clear in the law, we're

fighting in various states and localities for national uniformity. States are very anxious to improve health care within their borders, but they can't do anything to regulate self insured plans. And it needs to stay that way. Because a company with workforce with people who are have jobs in every zip code can possibly be forced to comply with state by state rules. Congress has the ability to give us national solutions for healthcare, whether it's transparency, better telehealth reciprocity rules, and the like. We think a lot about expanding coverage, we need to think just as much about reining in the costs of coverage. We encourage policymakers to do what they can and we stand at the ready to help them and USofCare, as well as my other panelists too, to try to figure out what the solutions are. Thank you. And I'd be glad to answer questions.

ANDREW SCHWAB 24:10

Great, thank you Annette, and please populate the question and answer sections on the Zoom call here when we'll get to that at the end. And with that, I'd like to introduce Elizabeth Mitchell, who is the President and CEO of the Pacific Business Group on Health. Elizabeth.

ELIZABETH MITCHELL 24:29

Thank you. And thank you for having me. I am so pleased that we are having this conversation because it is so clear that there are so many misperceptions about employers and employer sponsored coverage, even exposed in some of the questions that were posed at the beginning of this presentation. The question about how do we incent employers to be invested and involved in changing coverage is so misplaced because remember, they bear 100% of the risk for the cost for the coverage for their employees, Jumbo self insured employers are fully incented in achieving higher value. And I think it's so important to understand their perspective going into this because remember, we are pragmatists. First and foremost, we absolutely want and need policy solutions. And we are very active in the policy space. But so far, Congress has not delivered any of the relief that we need on cost or transparency. So in the meantime, we are continuing to work to improve the market, but remain very hopeful that there will be movement on the congressional front. Next slide.

So who are we, the Pacific Business Group on Health has actually been around for about 30 years, we are an employer only organization, both public and private, have about 40 members who collectively spend about 100 billion dollars a year on health care on behalf of about 15 million Americans. So we are very vested in this conversation. Employers offer coverage to ensure the health and well being of their employees, they are committed to ensuring they have the care they need, and that they are, you know, functioning both in their homes and communities and in the work workforce. So some of the work that we help our members with are really redesigning care delivery, because they have realized that the intermediaries on whom they have relied have not done that job. So they are working in the market, in the delivery system, to partner with high quality providers. Driving affordability is absolutely essential. We have had innovative programs designed and incubated and scaled by employers to actually reduce the total cost of care while improving quality. And then as I said, we have a very active

policy arm. I actually testified almost 18 months ago on the surprise billing legislation. And in that testimony, our members were willing to commit to tying prices for surprise billing, to Medicare. So there is a readiness for policy intervention where there hasn't been before to Annette's point because there is so much frustration. Next slide.

So our employers have been diligent leaders in this space, working to change care and cost on behalf of their employees. But as I mentioned, they have really relied on health plans and PBMs and brokers and others. And frankly, they just have not seen the results. They are not seeing reduced costs, they are not seeing improved quality, and certainly not seeing improved experience. So they are increasingly willing to step in and take action in the market. I will say that since COVID, that urgency and that readiness has only accelerated there is intense pressure on their core business, on wages, on job maintenance, so they are willing to look at health care and identify ways to make it appropriately affordable and take out waste. Next slide.

One of the examples that I love to share because it actually proves better care cost less was a program incubated by Walmart and brought to PBGH to scale across our membership. And these are results that were published in the Harvard Business Review that showed when partnering with the highest quality providers and we helped identify those high quality providers. Over 50% of unnecessary surgeries were avoided. Readmissions were avoided. That meant that employees got the right care at the right time of the highest quality. And it's not that prices were lower, but total cost of care came down because the care was appropriate. So we know this can happen. And we know employers are leaders and innovators in this space. Next slide.

One of our biggest barriers to effective purchasing is a dysfunctional market. And PBGH over 10 years ago jumped in on one of the biggest cases in the country to really take on anti competitive practices among consolidated systems. You've probably heard about the Sutter case. It exemplifies some of the challenges employers face trying to purchase effectively. Again, gag clauses, all or nothing tiering provisions, things that really make it difficult to purchase high value care. So we have been active in that case and there was a settlement announced recently that could really change the regulatory landscape and enable more effective purchasing. So we think it's incredibly important to be involved in setting the regulatory, the regulatory system in which we are all operating to make markets work. Next slide.

And you heard this at the beginning, we absolutely do agree it's the prices. We've known this, the data just confirms it. And frankly, one of the reasons we are so concerned about market consolidation is we know it doesn't drive up quality. We know it doesn't improve experience, what it does is drive up prices. So we need to find ways to effectively address prices to make sure that coverage and care can remain affordable. Next slide.

So we are not either or we do not believe that this is just a public fix or a private fix. We think it's both. We believe there are needed changes in the private market, we need the transparency Annette mentioned, we need regulatory changes to prohibit anti competitive practices. But we also know that there are public fixes that could be helpful. We do want action from Congress on

drug pricing, on surprise billing, on changing the rules of the road for competition. So we believe this is a partnership. And we look forward to being part of it. Thank you.

ELIZABETH MITCHELL 31:22

Thank you, Elizabeth. And our last presenter is Dr. Erika Gonzalez who is the co-chair of Small Business for Auture. And so let's go down to San Antonio, Texas.

ERIKA GONZALEZ 31:40

Hello, thank you so much for having me here. I am honored to be among the other three phenomenal ladies that have just presented or really learned a lot from their presentations. Let's go ahead and go to the second slide one that says about me. So I am one of the four co-chairs for Small Business for Auture. And I am CEO and resident of South Texas Allergy and Asthma Medical Professionals, which is an allergy clinic here in San Antonio, as well as STAAMP Clinical Research. I'm also Chair of the San Antonio Hispanic Chamber. And before opening up my own business, I served 10 years in the United States Air Force as a Medical Corps officer.

So a little bit, we can go to the next slide. A little bit of what the Small Business for America's Future is, is we are a national coalition of business owners and leaders who are working to provide a voice for all small businesses at every level of government. We are asking policymakers to prioritize Main Street by advancing economic framework and COVID-19 recovery plan that works for small businesses and their employees. And of course, part of this work includes trying to improve our health care system for entrepreneurs. Next slide, please.

So why should policymakers care about this? And what are exactly the small businesses that we are advocating for? Well, we know that small businesses are at the center of the American economy. There are 30 million small businesses in the United States, 6 million of these small businesses employ 16 million people, and 24 million are business owners who are self employed. In addition, there's 80% of all small businesses that have fewer than 10 employees. So they are truly what we consider those micro businesses. As a doctor and a small business owner, I have really been able to see close up what the negative effects of our current health care system is. And I've seen what happens when a patient doesn't have insurance. But I've also seen how hard it is as a small business owner to be able to provide quality and affordable health care for your employees. And it seems like each year, it just gets a little bit harder. Next slide, please.

So even before the pandemic small businesses would list health care as one of their main challenges, we have conducted a survey of over 1500 small businesses nationwide. And in that we found that 71% of small business owners were still listing lower health care costs as one of their top policy priorities to help small businesses succeed. Next slide.

And so since the start of the pandemic is previously mentioned, in one of the other slides, there's been about 14 million Americans that have lost their health care insurance. This is a

combination I don't have employees, but maybe family members that were also part of those insurance plans. The skyrocketing costs only make it harder. It's difficult for small businesses to compete with large companies that are able to get them better sometimes affordable plans. It's an economic, I'm sorry, an administrative burden on small businesses that we have to take on. And it eats into the profits on many small businesses that already have a slim profit margin to begin. And it makes it very, very difficult for us to be able to retain and recruit talent. In addition, in that, another thing that we see is something that we call job locks. So this prevents people from being able to leave their current jobs to start their own businesses. So a lot of people can't venture out and try to, you know, go and do entrepreneur kind of activities or goals, because of the high health care costs, knowing that they can't afford to lose health care for a variety of reasons. Next slide, please.

I think it's hard for us to look at health care the way it is now and think that it's working for small businesses. Most false businesses are not able to afford to offer their employees good health care coverage. And one of the things that we need to keep in mind is that small business owners aren't partisan or prescriptive. They're open to any solution that works. And they're very pragmatic. So when we think about how we can change our healthcare system, so that it is able to better suit the needs of small business owners and their employers, we saw some interesting things when we went ahead and did our survey. Next slide, please.

So small businesses are actually open to a variety of solutions. They love the idea of having a public option for health care. So 80% of the people that filled out this survey supported allowing employees to be able to buy into Medicaid and Medicare. 67% supported the strengthening of the current Affordable Care Act, and 98% want the cost of prescription drugs to be lowered. They want lawmakers to focus on correcting some of the market failures that are currently in existence to help bring down the cost of high medical care. And the surprise billing that was also previously talked about a little while ago. 95% of the people that filled out the survey want to allow small businesses to be able to band together to increase market power in being able to purchase health insurance. And when we talked about how many of them actually oppose repealing the Affordable Care Act, a majority at 57% said they would not want to see the Affordable Care Act repealed because of the issues that may have. So even before the pandemic, we all knew that the health care system wasn't working for a lot of people, it particularly wasn't working for Small Business Owners and their employee employees. And now we are at a crisis point and you our economy is been hit hard, it's in shambles our small businesses are going to play a key role in that recovery. And in fact, when we look at the Great Recession, it was the small businesses that led us out of the small recession by nearly creating two thirds of the jobs after the recession. And so we're going to need to rely on our small businesses at this point too to help us get out of this economic crisis. If we don't have our leaders commit to seeing our small businesses succeed, then we are only doing damage to the economy further by prolonging the amount of time that it's going to take us to actually be able to recover from all of this. improving our health care system has to be a part of the equation for our recovery. We're talking about physical health, but we're also talking about the health of our economy. Like we've been saying for months, if lawmakers don't take serious actions to address the challenges that the small businesses are facing, then we're not going to have any Main Street after this pandemic. Small business relief and addressing the health care has to be part

of the recovery of that in order for us to get to the other side of this. And so with that, I'll hand it back over and happy to answer any questions.

ANDREW SCHWAB 39:22

Thank you so much, Dr. Gonzalez. And so we're gonna get to some questions and answer. We have a lot coming in. If our panelists could join us again, and Kristel if we could stop sharing the screen, we can submit your questions here. We'll get to some of those. I think what we're hearing is a lot of talk about cost. We're hearing that the pandemic is exacerbating the existing problems in the job-connected health insurance system and that it is something that needs to be examined by policymakers. And so our first question is, it was directed at Annette, so she can start but we can go to the full panel. What kinds of state based system changes would the ERISA Industry Committee support, if a state were able to launch some form of state administered health care system for its residents. And I think that this is a particularly important that because with Congress very closely divided, it is likely that states are going to lead the way on many of these initiatives.

ANNETTE GUARISCO FILDES 40:37

Thank you Andrew. It is very true that states have a very important role to play. And have become quite activists because there's been an inability for federal policymakers to reach consensus on anything. And there is such a great need for health care to be addressed in their states. For the national employers that we represent, anything that is a mandate on the state level is something that we would oppose. There are many instances in which a national employer will want to look at a state based plan for a smaller section of their employees. If they don't have a large enough population there for self-insurance to work properly then we always want a robust option for people across the country whether they are employees or not. But I don't see, generally speaking, health care reform, which is often considered paid for by the self insured population through assessments and the like to be a good approach for something that we would support. We'd like to see the state-based marketplaces do really well because they could be alternatives for large employers with small populations, but generally speaking they are not options that make a lot of sense for companies with large national workforces.

ELIZABETH MITCHELL 42:12

Can I jump in? A couple of other observations, again, we have primarily a national membership base as well, but we do also have state public purchasers as our members - CAL[XXX], Washington Health Care Authority. And I think there's a lot that states as purchasers can do to align and just insist on transparency, quality, and fair pricing. And aligning with the private purchasers is a very effective strategy to do that and reduces the burden on providers. Another thing, state attorneys generals need to look at consolidation. It is surprising to me that they have not done more. We are grateful that in California that has happened in the Sutter case. We think there is significant opportunity to look at consolidation in state markets. So again, alignment with public purchasers, and even Medicaid, and increased sort of antitrust investigation.

ANDREW SCHWAB 43:19

Great, thank you. This is kind of like a very basic question, but an interesting one that I think Annette and Elizabeth might answer the same way and Erika might answer a different way, but what is the reason that job-connected health insurance still exists? And why do your companies still provide it? Which was an interesting question to come from our attendees.

ANNETTE GUARISCO FILDES 43:53

I guess I can take a crack at that first. It is for large employers, just as for small employers, a matter of competitiveness. It is a big attraction for people. When you think about it - it's worry-free. Your employer pays for the vast majority of your health care coverage. My member companies it's on average 80% of the premiums are paid by the employer. It's very attractive to them and employers play a great role as advocates for their employees populations with the insurance companies. If a patient/employee or their family member isn't being treated well we step in to help them. We also work hard, especially in communities where we have a large presence, to push for quality improvements in those areas. We sit on the boards of the local hospitals and health care systems to really drive the value and the quality that the companies want for their patient population, for their employee workforce. I think that employees sense all that and most importantly there's no alternative. I mean if an employer said to you, well come and work for me. I don't provide coverage, but I'm going to give you \$50,000 to buy it on your own it would be quite anxiety provoking by an employee thinking where am I going to go? What's the best network? You know employers really help shape the network and ensure that the coverage that the employee get sare high quality. Employers are the ones who design telehealth benefits and first offered them to their workforce versus an add on benefit and then it's part of their health care plan. We're innovating because we're sensing what employees need and we're giving it to them before the marketplace does. So I just don't think there's anything like it and I don't see anything on the horizon for a long time, but maybe that will change.

ELIZABETH MITCHELL 45:52

I'm trying to understand even question because if you go to the millions of Americans who rely on job-based insurance and say what is the value of this? I think it would be a pretty clear response. And to Annette's point, there is no alternative and employers are playing a huge role caring for their employees. Spending enormous amounts of money to do that. It certainly isn't perfect. I would say that the system is far too unresponsive to the people who pay for and receive care, but they are playing a significant advocacy role and carrying the cost burden for health care for a large number of Americans.

ERIKA GONZALEZ 46:38

So I think that what I would like to add to that is when you think about small businesses they are employing over 50% of all the people in the United States, right. So they carry a great responsibility in trying to make sure these people have some type of health care coverage. The health of our community is directly related to our economic health and what we see with the top reasons that people either show up late to work, or are less productive at work, or don't show up

to work is that it costs about 60 billion a year in lost revenue. And so when you think about it from that standpoint you want to try to keep your employees as healthy as possible because then they can be more productive for you. But more importantly, and I think Andrew you commented on this. Small businesses are like families. And so you know, I've got 20 employees who we obviously get to know very well as they're working for us. We see them commit and be loyal to us and to our business and that means a lot to us. So we want to be able to take care of them too. Now obviously I come from a small business that is specifically in the medical world, so even more important for me to make sure that I'm trying to offer health care to my employees because otherwise I'd feel like a really big hypocrite. I'm over here talking about how important health care is. It was also mentioned before, if we want to be able to recruit good talent then we're going to have to be able to offer benefits that could even come close to competing to some of these bigger corporations because otherwise we can't keep them. There needs to be more than just the opportunity to work in our setting. They have to have good benefits and I think that people look at that as part of the bigger package when they're deciding where they want to work.

ANDREW SCHWAB 48:48

Great, thank you so much. While the system is particularly difficult for small businesses and has been for a long time, employers are, as Annette and Elizabeth alluded to leading the way on this. And USofCare put out a brief in September where we profile both state governments which are struggling under the cost of providing health benefits for their employees, which is a burden on state tax payers for sure. But also Sysco, WalMart and Boeing and their incredibly innovative things that they are doing that our panelists shared. WalMarts centers of excellence, for insistence. And so these are all things that I think are reasons why employers are a key cog in this wheel of trying to figure out how to make this work better. On that end, what are some of the ways that we might be able to make this system work better, particularly given the questions and rise of big racial questions for corporate America in the last few months and during this year when we saw that there are inequities baked into the system on income and race in particular? Tough question.

ANNETTE GUARISCO FILDES 50:28

Yah, I'm not sure how to really answer that question. I think the more we could fight for a system that has prices that are clearly identified ahead of time and ensures that every dollar spent is worth the dollar that you're spending it's going to help people of all income levels. I think that what we don't recognize is that most of health care dollars go to pay for the cost of a few. And if you look at a typical plan maybe 80% of the costs go to 20% of the people because chronic conditions are where all the dollars are being spent. And we spend a lot of money at end of life. Where we focus on those costs, which you could argue that with certain chronic conditions have a racial disparities built in to them as well. If we could make the health care in those areas better whether it's kidney disease or diabetes and the like. We could spend money more wisely in that area and have biosimilars instead of biologic medications and the like, which are less costly alternatives. It's going to mean lower premiums, lower costs, lower out of pocket for every

individual. And I think that's the best way we could go about. But it others have ideas where we could address racial concerns as well please bring them forward because we need to certainly consider them. And I don't want to go first every single time, so I'm just saying.

ELIZABETH MITCHELL 52:18

I will be quick. I just want to be on record saying that you will be hard pressed to find a group who is less satisfied with the status quo than we are. We think that the system is deeply inequitable and our Board voted recently to take on health equity as a strategic priority. We are actively working every day to address cost, to improve quality, and the resistance from the industry is immense. So we think that it is very important to bring the leverage and influence of jumbo purchasers paying the bills to try to address that. So we in no way defend the status quo. We are actually working every day to change the status quo and we look for partners in that work.

ERIKA GONZALEZ 53:05

I can definitely agree with the comments that are being made. You know, coming from a city that is 64% Latino and 10% African American, there's more minority communities of color. One of the biggest things that we see is access to health care. It's a problem for a lot of people because they can't afford it. So then they go and they use the emergency care system as their primary way of getting health care, which then just drives the cost of health care up. And so it's this system that we can't get out of. I think that one of the places to start, and I'm not sure if Annette might agree with me or Elizabeth might agree with me, but the cost of pharmaceuticals. When you compare the cost of medicines here with what we're paying for them in Europe or in Central and South America, the difference does not make any sense. Where we can get medication lower outside of the United States. And I think that even when people who are in disadvantaged areas are able to get health care plans. They aren't able to get health care plans that cover a lot of the medications that they might need. That's because these drugs are so expensive. I think a lot of physicians feel that may be a good place to start. How do we lower the cost of just these preventative medications that Annette is referring to? Before we go to these biologics which are a lot more expensive. How do we get them that are with preventative medications and lower cost medications so that we don't have to bear such a big stress, economic stress, on our health care system.

ANDREW SCHWAB 54:52

We're about out of time. I think another thing that we've uncovered here is that all three of the presenters and the data that Emily presented at the top about JCHI demonstrate that the status quo is not working as well as it could be. And that all of the different sectors of the health care system have a role in playing to try to work through this and manage through it and make it better to work for both employers, large and small, and employees who rely on this for their own personal health security.

We've had some questions that we will be sending out some additional materials later today or tomorrow with the recording of this webinar, We suspect that this will not be the last time that USofCare engages in this effort and this discussion and we're very, very thankful to Dr. Gonzalez, Annette, and Elizabeth for joining us today. And Emily for moving forward our conversation to surface this as a larger debate and public policy issue that we need to deal with across the country.

My name's Andrew Schwab, again. You can reach me at [aschwab@unitedstatesofcare.org](mailto:aschwab@unitedstatesofcare.org) and we hope to be in touch. Have a good afternoon.