



March 2, 2017

The Honorable Tom Price
Secretary of Health and Human Services
U.S. Department of Health and Human Services
200 Independence Avenue S.W.
Washington, D.C. 20201

Dear Secretary Price,

Congratulations on your confirmation and we wish you the best as you assume your new role at the Department of Health and Human Services (HHS). As a Member of Congress, you were a stalwart friend of manufacturing and the National Association of Manufacturers (NAM) looks forward to working with you in a new capacity.

Approximately 98 percent of NAM member companies offer health benefits to maintain a healthy workforce, attract and retain talent and also because they believe it is the right thing to do for their employees. Manufacturers strongly support proposals to reduce soaring health care costs, improve the efficiency of the current system and enhance the quality of care. Employees are spending more of each paycheck on health care and the rising costs of premiums paid by employers continue to erode any gains in wages.

The past few years under the Affordable Care Act (ACA) have made it more difficult and costly to provide these important health care benefits. The NAM looks forward to the opportunity for Congress and the next administration to thoroughly address critical health care issues that have burdened manufacturers over the past several years. Through the administrative authorities of HHS, we urge you to take immediate steps to help unlock the stranglehold the ACA is having on employers around the country. We believe there are three areas of focus that demand your immediate attention:

Reduce Compliance Burdens

The cost of regulatory compliance burdens required by the ACA has ballooned to over \$50 M in total since the ACA first passed almost seven years ago. Administrative cost increases have led to premium increases. Prior to ACA, many health plans were regulated only on the state level and now those employers are forced to comply with state regulations and the federal government. We urge a return to the pre-ACA method of health plan regulation.

Notice requirements to covered entities about non-discrimination compliance occurs with some level of frequency between the employer and the employee. This practice should evolve to become an annual activity during open season or in conjunction with documentation on benefit and coverage requirements. Notifications concerning non-discrimination protections are required to be communicated in writing in 15 languages, adding to the paperwork burden on employers as a result of the ACA.

While not under the jurisdiction of HHS, we urge you to work with you colleagues at the Internal Revenue Service to reduce and streamline reporting obligations to the IRS. The ACA required employers and insurers to gather data and other information on a frequent basis for submission to the IRS. While some reporting may be necessary, the ongoing submissions to the IRS are burdensome and costly.

Leading Innovation. Creating Opportunity. Pursuing Progress.

Advance the Potential of Wellness Programs

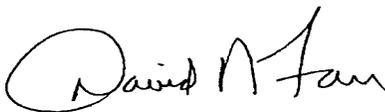
Wellness programs and the various regulations guiding these programs should be streamlined and further clarified. We believe that HHS should take the lead to clean up regulatory confusion and conflict among three leading agencies (HHS, Labor and Treasury). HHS could also seek a leadership role in urging the revocation of unfavorable final rules issues by the Equal Opportunity Employment Commission (EEOC) in 2015 concerning wellness program incentives under the Americans with Disabilities Act (ADA) and the Genetic Information Nondiscrimination Act (GINA). More robust participation and engagement in workplace wellness programs will have a direct impact on premiums and unclear guidance issued by federal agencies prevents advancing these programs. As a result, wellness programs have not been fully utilized to simultaneously address quality of life and the rising cost of health care.

Support for the Employer Market

The impacts of a volatile health insurance market and anticipated onerous health care taxes – Cadillac tax, health insurance tax, reinsurance fees, medical device tax, etc. – cannot be underestimated. Employers either self-insure or purchase individual plans offered in the group and individual market. Over 175 million Americans – nearly half the nation – rely on employer sponsored health coverage. However, benefit mandates, such as requiring coverage for adult children up to age 26 as dependents and requirements that employers pay full amounts from a long list of preventative services amount to a hidden tax on employers.

Since manufacturers have a proud tradition of providing health care to employees, we are eager to explore ways to reduce health care costs and strengthen ERISA – the Employee Retirement Income Security Act of 1974. The economies of scale that have come to define employer-sponsored coverage create a vehicle to design benefits that are more flexible, innovative and efficient, but this only works if health care innovation is encouraged and permitted. Employers can no longer be strangled by additional regulations or the burdens of 50 different ways to comply. We want our employees to thrive, be healthy and share in our success as manufacturers. We appreciate your efforts to address our most immediate concerns.

Sincerely,



David Farr
Chairman and CEO
Emerson, and
Board Chair of the
National Association of
Manufacturers



Jay Timmons
President and CEO
National Association of
Manufacturers

Cc: Chairman Lamar Alexander (R-TN), Senate Committee on Health, Education, Labor and Pensions
Chairman Orrin Hatch (R-UT), Senate Committee on Finance
Chairman Gregg Walden (R-OR), House Committee on Energy and Commerce
Chairman Kevin Brady (R-TX), House Committee on Ways and Means