

# INTERNATIONAL BROTHERHOOD OF TEAMSTERS

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September 21, 2009

The Honorable Max Baucus  
Chairman, Senate Finance Committee  
511 Hart Office Building  
Washington, DC 20510

Dear Chairman Baucus:

As the Senate Finance Committee begins consideration of the America's Health Future Act legislation, I am writing on behalf of the 1.4 million members of the International Brotherhood of Teamsters. We have serious concerns with the bill and the lack of real health insurance reform contained within the bill's framework.

There are essential elements necessary to reform the nation's health insurance system and to meet the goals of increasing access, controlling costs, and making insurance affordable. This bill fails in each of these areas. Unlike the House and Senate Health, Education, Labor, and Pensions (HELP) bills, this legislation includes no employer responsibility provision, an expensive individual mandate, an exorbitant excise tax on insurance companies that offer comprehensive plans, and no significant health insurance market reforms.

First, under this proposal, employers do not have to provide health insurance coverage and instead pay a so-called free rider penalty for low-income workers who receive tax subsidies for health coverage. The penalty of \$400 is too miniscule to have an impact and will only discourage employers from hiring low-income workers, who most often are women, minorities, and single parents.

Second, while employers can escape their responsibility, the bill includes a "personal responsibility" requirement, also known as an individual mandate, for health care coverage. We cannot support an individual mandate without a meaningful employer mandate. In fact, this individual mandate may increase the financial burden for families without health insurance coverage. This bill adds further insult to workers by requiring an individual who does not purchase insurance to face a penalty as high as \$1,500 or nearly four times that of the employer.

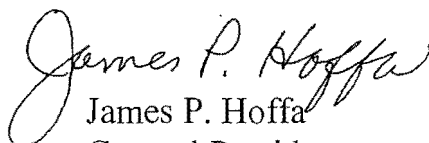
Third, historically, unions have been able to negotiate strong health care coverage for their workers through collective bargaining agreements. This bill undermines the entire employer-sponsored health insurance system through a flagrant excise tax of 35 percent on insurance companies, administrators, or self-insured plans that offer benefits in excess of \$8,000 for individuals and \$21,000 for families. This is an unacceptable tax that will ultimately be passed on to working men, women, and families. A better proposal to pay for health insurance reform is contained in the House bills – a surtax on the wealthy.

Fourth, we support expanded Medicaid coverage, but states should be given the funding necessary to implement such an expansion. The proposal to eliminate insurance companies' ability to deny coverage based on pre-existing conditions should not include exceptions based on age or family composition. For families with incomes above 400 percent of the federal poverty line, out-of-pocket health insurance costs should be contained.

Lastly, we support meaningful health insurance reform, but this bill does not further that goal. We urge you to vote against this bill in its current form and to reject any attempts to impose an excise tax that will add yet another burden to middle-class families, who already experience rising health premiums.

If you have any questions, please contact Lisa P. Kinard, Director, Federal Legislation and Regulation, at (202) 624-6890.

Sincerely,

  
James P. Hoffa  
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JPH/lpk