



**ERIC**

**The  
ERISA  
Industry  
Committee**



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## **MAJOR EMPLOYERS INTRODUCE PLATFORM FOR NEW OPTION FOR HEALTH AND RETIREMENT SECURITY**

*ERISA Industry Committee (ERIC) opens discussion of New Benefit Platform For Life Security*

**Washington, D.C., June 13, 2007** — Today, a coalition of the country's largest employers called for a new option, and opened the door for a nation-wide discussion about how better to deliver retirement and health security to all Americans as well as respond to the needs of employers.

The ERISA Industry Committee (ERIC), an association representing America's largest employers, introduced its "New Benefit Platform for Life Security" report today at a Washington, DC briefing. The platform provides guiding principles and a new approach to complement the current voluntary employee benefit system.

"We recognize that for many employees and their employers the current retirement and health benefit system is not producing the retirement and health security they need and are supporting," said Mark Ugoretz, president of ERIC. "The New Benefit Platform is designed to encourage a national discussion that will result in universal coverage for both retirement and health security and at the same time recognizes the unique American culture surrounding life security benefits."

ERIC's New Benefit Platform emerges as Americans identify health care as their top domestic concern, and at a time when too many employees will enter their retirement — notwithstanding extraordinary financial support from their employers — with insufficient assets and financial security. ERIC's platform, outlined in the report released today, is the result of two years of effort by a task force of experienced retirement and health benefit professionals with practical experience in retirement and health care coverage. It seeks to create a framework for a 21<sup>st</sup> century life security plan that is more efficient, controls costs, is more transparent, leverages information technology to empower consumers and ensures the delivery of high quality retirement and health coverage to all Americans.

"Aspects of this platform are designed to spur the systemic changes that many people have identified we need, such as advancement of best practices, health care IT and transparency," said Paul Grundy, MD, MPH, director, healthcare technology and strategic initiatives, IBM Global Well Being Services & Health Benefits. "This vehicle supports progress towards achieving those objectives."

Public and private employers spent a combined \$628.4 billion for retirement benefits and \$596.5 billion on health benefits in 2005 (*Employee Benefit Research Institute, Dec. 2006*).

On the retirement side, many Americans fail to participate in their employers' plans early enough and are already or soon will be entering retirement with insufficient savings. As traditional pension plans diminish in number, it is clear that all Americans will have to take greater responsibility in making sure they begin saving early and often and take advantage of their employers' match.

The New Benefit Platform recognizes that a secure retirement must include health care coverage and provides an opportunity for post employment coverage. It proposes a new structure for providing benefits through independent Benefit Administrators who would compete with each other based on quality, use of information technology, plan design and cost. Each Benefit Administrator would be required to offer plans for a core set of "lifetime security" benefits — health, retirement and short-term savings.

Employers would have the option of keeping the benefit structure they currently maintain, or participating in the new system by selecting one or more Benefit Administrators for their employees and dependents. Employers could also choose to provide the financial resources to their employees to purchase benefits independently from among the Benefit Administrators operating in their markets. Since benefits would be separately administered, employees could move to new job opportunities while their benefits stay with the Benefit Administrator, allowing their new employers to make contributions.

Americans who do not currently receive employer-based benefits would participate equally under terms of the New Benefit Platform, with full access to plans offered by Benefit Administrators.

"The New Benefit Platform offers three strong positives for both health and retirement benefits: portability, engagement of both consumers and employers, and a level playing field for everyone to participate, regardless of employment status," Ugoretz said. "This is a platform to begin discussion based on guiding principles. We are inviting all stakeholders to join the discussion based on this core structure."

The New Benefit Platform includes provisions for transparency and accountability, including publicly available comparison tools for individuals to assess the quality and cost of providers and health plans. It also calls for a national framework and standards for electronic health information exchange, and encourages provider incentives for development of payment systems that reward high quality care. Consumers are encouraged to take greater responsibility for making wise health care decisions, such as premium reductions for those who demonstrate a commitment to improve their own health.

"I'm a strong proponent of this platform," said Peter Tobiason, Chair, ERIC Board of Directors, and Assistant General Counsel for ITT Corporation. "As our economy and workforce patterns have changed over the years, as we become greater competitors in the global marketplace, this makes a lot of sense. Balancing individual responsibility with employer and societal responsibility makes sense to me, and that's what ERIC's platform does."

Employers are and will be committed to retirement and health security. The current system, however, discourages employer participation in many ways, among them complexity of regulations and state-to-state differences in mandates, increasing litigation, high health care costs and inflexibility to change benefits despite increasing global competition.

”Major restructuring is essential to create a foundation for meaningful change,” said Michael Stapley, President and Chief Executive Officer of Deseret Mutual and Chairman of the ERIC Task Force, which developed the New Benefit Platform. “Mere tinkering, which has been the practice of the past, will not solve the problems in our retirement and health care benefit system.”

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## About ERIC

**The ERISA Industry Committee (ERIC)** is a non-profit association committed to representing the advancement of the employee retirement, health, and compensation plans of America's largest employers. ERIC's members provide benchmark retirement, health care coverage, compensation, and other economic security benefits directly to tens of millions of active and retired workers and their families. ERIC has a strong interest in proposals affecting its members' ability to deliver those benefits, their cost and their effectiveness, as well as the role of those benefits in the American economy.



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*Advocating the Employee Benefit and Compensation Interests of America's Major Employers*