



SUCCESSFUL EMPLOYER-PROVIDED HEALTH PLANS DEPEND ON NATIONALLY UNIFORM STANDARDS

Several leading health care reform proposals purport to "build on the current employment-based health care system," but actually undermine it by abandoning the principles of national uniformity that govern employer-provided health plans today.

Building on the successes of employer-provided health care coverage means extending the types of nationally uniform standards embodied in the Employee Retirement Income Security Act of 1974 (ERISA) to other aspects of the health care system.

ERISA makes it possible for employers of all sizes to maintain health benefit plans under a single set of rules regardless of where they do business or how many states their employees and retirees reside in:

- Without ERISA's nationally uniform standards, the most creative, innovative and cost-effective employer-sponsored health benefit plans could not exist because of the burden of complying with overlapping and inconsistent state laws.
- In addition, medical markets would be even more fragmented than they are today, and health care coverage would be considerably more expensive.

In contrast, encouraging states to enact their own health care system reforms will set off unhealthy "competition" between states:

- Disparate state approaches will cause employers and providers to flee from states with more burdensome requirements to states with less burdensome requirements.
- Disputes between states will become commonplace, as illustrated by Minnesota's attempt several years ago to collect a tax on health care services provided to Minnesota residents from neighboring states and Canada.

For market-based comprehensive health care system reforms to succeed, uniform, compatible and consistent standards (including but not limited to ERISA preemption of state laws) need to govern the organization and operation of the health care system.