



INDIVIDUAL MANDATES, EMPLOYER MANDATES, FINANCING AND HEALTH CARE SYSTEM REFORM

Before there can be resolution on the issue of mandate employer coverage, consensus must be reached on how the rest of the system will look and operate.

- ERIC has considered both individual and employer mandates at length.
 - We have concluded that to achieve universal coverage some form of phased-in individual requirement is necessary to bring everyone into the health care system so that the system can operate efficiently and effectively.
- Part of ERIC's proposed framework for reform is a modified individual mandate, to be accompanied by income-based subsidies.
 - Any effort to achieve universal coverage should not institutionalize the disproportionate share of health care costs currently borne by employers that voluntarily provide coverage to employees and dependents, however.
 - Thus, our framework for reform also provides that all employers make a meaningful contribution toward the costs of coverage.
- Before ERIC can consider any form of employer mandate (even a 50/50 cost-sharing arrangement), however, certain other elements of reform must be agreed to, including:
 - There must be no state single-payer option.
 - There must be no state-run, mandatory, geographically exclusive health alliances. If state-run purchasing groups (by whatever name) are to be established, they must be:
 - Limited to the small-group (under 100 employee) market; and
 - Voluntary (*e.g.*, employers of all sizes must have the option of joining a privately organized and operated purchasing group instead).
- The standards that govern how purchasing groups are organized and operated, as well as any standards applying to employer-provided health care coverage (whether fully-insured or self-insured), must be exclusively federal.

- With respect to financing subsidies for persons unable to afford basic catastrophic coverage, ERIC believes that such financing should comply with the following criteria:
 - Sources of revenue used to finance subsidies should be exclusively federal.
 - Sources of revenue used to finance subsidies should be explicit (not hidden or built into health care premiums) and should not take the form of "sick taxes." There must be public accountability for subsidies and the amount of any revenues raised to pay for them.
 - Sources of revenue should be spread broadly. ERIC members are willing to share financing this social cost with their employees and the general public so long as employers in general, and employers choosing to remain outside alliances and/or to sponsor self-insured plans in particular, are not singled out to bear a disproportionate financial burden.
 - As much as possible, sources of revenue should not add directly to employment costs.