



Novant Health

2085 Frontis Plaza Drive
Winston-Salem, NC 27103

March 6, 2018

Mr. Preston Rutledge
Assistant Secretary
Employee Benefits Security Administration
U.S. Department of Labor
200 Constitution Avenue NW
Washington, DC 20210

Attention: Definition of Employer—Small Business Health Plans RIN 1210–AB85

Dear Assistant Secretary Rutledge,

Thank you for the opportunity to comment on the Definition of Employer Under Section 3(5) of ERISA proposed rule (the “Association Health Plans proposed rule”).

Headquartered in Winston Salem, N.C., Novant Health is a not-for-profit, integrated healthcare system that serves patients and communities in Virginia, North Carolina, South Carolina and Georgia. Our system includes not-for-profit acute care medical centers, outpatient surgery centers, neighborhood medical plazas, rehabilitation programs, diagnostic imaging centers and community health outreach programs. In each of these settings, we see daily the importance of affordable health care to our patients and recognize the significant role access to affordable health insurance coverage plays in patients’ ability to pursue appropriate care. To that end, we appreciate the Department’s goal to expand access to affordable health coverage, especially among small employers and the self-employed whose employees often fall among the uninsured. Like you, we believe that access to coverage improves health outcomes and lowers healthcare cost.

However, not all health insurance plans are alike. In fact, the design of the plan and financial integrity itself weighs heavily on the health - both physical and financial - of its enrollees. To that end, we are concerned that the proposed rule would enable plan designs that are likely to leave many under serious financial hardship due to insufficient coverage, and pose grave risk to commercial and other health insurance markets. Novant Health urges the DOL to delay its consideration of this proposed rule to allow time to further examine the impacts this proposal could have. In particular, we highlight two points below for your consideration:

The rule will allow association health plans to use benefit design to reduce the cost of plans at the expense of benefits covered. As a result, the insufficient coverage offered under association health plans will drive up the cost of care. The health insurance sold via AHPs would notably be exempt from consumer protections such as the essential health benefits standard and the prohibition on charging higher premiums to people with preexisting conditions. The loss of these protections will curb patient ability and incentive to pursue preventive primary care, pushing patients into hospital emergency departments – the highest possible cost setting – because there, they cannot be denied care. This would drive costs up for both patients and the health system.

In addition, we are concerned that policies will be sold to unknowing consumers as “health coverage” that only offer minimal benefits. Recent history with “mini-med” policies proved to us that many consumers do not understand a complicated insurance purchase and only find out later that their coverage is hardly adequate for a surgical procedure or inpatient stay.

The rule will enable plans with unknown credit-worthiness to be sold across the country without the financial integrity many, but not all, states impose. Healthcare providers rely on the credit-worthiness of the insurers issuing policies in return for the discounts offered to covered members. AHPs will not provide that same assurance, likely face hurdles to contracting with providers, and will utilize benefit reductions or questionable marketing to reach a price point that is attractive to consumers. Ultimately, it falls to doctors and hospitals to inform an individual that their policy does not really cover what they thought it did. Without careful diligence on the part of consumers, they run a high risk of purchasing products that do not have robust provider networks in their area.

The rule will enable plan designs that will impede implementation of value-based care models. Novant Health is working hard to move beyond fee-for-service care into value-based care models. We support the goal of value-based care because it centers on patient outcomes and how well our providers can improve the quality of care our patients receive. Providing such value requires access and affordability for patients, and as outlined above, this rule would undercut both. As we continue on our path to value in a way that ensures the long-term viability of hospital availability in the communities we serve, health insurance coverage design must make healthcare in the right setting at the right time accessible and affordable.

Additionally, we urge you to consider of the appropriate use of requests for information. The proposed rule includes a request information on other actions the Department could take to promote consumer choice and competition in health care, including how the DOL can best ensure AHP solvency. While such considerations are important, the Department should make sure any policy changes it makes are the result of the feedback it receives go through proper notice and comment rulemaking to allow the public and Congress the opportunity to fully vet the implications of the changes.

Thank you for the opportunity to comment on the proposed rule related to association health plans. I can be reached at (email) should you have questions or need additional information.

Sincerely,



Robert H. Seehausen

Senior Vice President
Novant Health

cc: R. Alexander Acosta, U.S. Secretary of Labor