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Vice President

Human Resources Policy

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**SUBMITTED ELECTRONICALLY
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Jay Angoff
Office of Consumer Information and Insurance Oversight
Department of Health and Human Services
Room 445-G Hubert H. Humphrey Building
200 Independence Avenue, SW
Washington, DC 20201

RE: Request for Information Regarding Value-Based Insurance Design in Connection with Preventative Care Benefits.

Dear Mr. Angoff:

On behalf of the National Association of Manufacturers (NAM), thank you for the opportunity to submit the following comments on the Request for Information Regarding Value-Based Insurance Design in Connection with Preventative Care Benefits and published in the Federal Register on December 28, 2010.

The NAM is the largest manufacturing association in the United States, representing small and large manufacturers in every industrial sector and in all 50 states. The NAM's mission is to enhance the competitiveness of the manufacturing economy by advocating policies that are conducive to U.S. economic growth. Our manufacturing economy and our ability to create jobs are significantly impacted by changes to health care infrastructure. Manufacturers consistently look to provide value in their health plans and appreciate the flexibility associated with implementation of Value Based Insurance Design (VBID) in the private sector.

Plan Design

Manufacturers strive to provide affordable and accessible health care options to their employees. By employing a VBID program, employers and employees have the opportunity to control costs, promote wellness and implement prevention initiatives. Plan design options, including but not limited to HSA contributions, Health Risk assessments, cost sharing, condition specific programs, consumer incentives and premium reductions, should not be limited, and should allow the employer to provide multiple options to promote the success of the program. For example, by limiting cost sharing, which is the basic nature of the VBID concept, its benefits will be undermined as employers will not be permitted to incentivize beneficiaries to utilize high value services and make appropriate adjustments for those services with a lower clinical health value.

Applicability of Tools

VBID can take many forms, such as focusing on disease management, condition, services, condition severity or participation. Manufacturers believe tools should be permitted to apply in a variety of circumstances, allowing the employer to tailor the program towards the needs of the employees and their families. There is no one method of determining which VBID approach will provide the most benefit without addressing specific employee population and participation criteria. Similarly, application of a VBID program to a healthcare plan administered by the government could create broad standards that would not be effective and may increase costs without the flexibility necessary to increase value.

Preventive Care

Manufacturers are also concerned about the potential unintended consequences of cost sharing allowed for preventive services. The preventive services IFR clarified that cost-sharing is permitted for preventive services when delivered out of network provided preventive care is covered with no cost sharing in-network; however, the elimination of cost-sharing for in-network preventive services without effective VBID could have the effect of removing any incentive for network providers of preventive services to improve quality and cost-efficiency.

In addition, the grandfather regulation as proposed could be a barrier to adoption of VBID. We are concerned that issuers would be required to relinquish their grandfathered-plan status if VBID were implemented as doing so may increase cost sharing for therapies with lower value. The VBID approach should provide incentives to keep people well and to discourage services with little or no evidence of clinical benefit. We believe HHS should encourage value based benefit design by eliminating this barrier to maintaining a grandfathered plan.

Conclusion

The NAM appreciates the opportunity to submit these comments and hopes our concerns with the substance of these proposed changes are considered. Ninety-seven percent of NAM members provide health insurance to their employees. Manufacturers are proud to provide the best manageable healthcare to their employees and believe the VBID, when utilized in a manner that can drive value and promote wellness, is an opportunity to change the delivery of healthcare in the private sector. However, not all plans and employee populations are identical and placing unnecessary restrictions on the structure of the plans will translate to additional costly mandates thus driving up costs and reducing value.

If we can be of further assistance on this matter, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Trauger". The signature is fluid and cursive, written on a light-colored background.

Joe Trauger
Vice President, Human Resources Policy