



Hon. Christopher Dodd  
448 Russell Senate Office Bldg.  
Washington, DC 20510

**Re: Health Care Reform**

June 12, 2009

Dear Senator Dodd,

I am writing to express my concern about a reported provision in draft health care reform legislation that would prevent employers with fewer than 250 employees from self-funding health benefits.

Such a provision could threaten the creative cost control efforts of a growing number of employers of all sizes who *combine* fully insured and self-funded benefits into a single benefit package. These employers buy full insured High Deductible Health Plans (up to \$5,000 per member) and then add a secondary layer of self-funded benefits to lower that deductible for their employees.

On average, these employers are reducing fixed cost by 20% to 50% and total cost (premiums plus self-funded claims) by 10% to 25%. Best of all, employees enrolled in these “hybrid” plans typically enjoy richer than average benefits.

These hybrid benefit plans serve all the interests of health care reform. The savings generated enables employers to continue offering health benefits to their employees and to offer a higher benefit level than would otherwise be possible. At the same time, these plans give employers a direct financial interest in the health and fitness of their employees. Employers with hybrid plans are much more likely to spend money promoting smoking cessation, weight loss, increased physical activity, biometric screening, etc... Hybrid plans convert these items from expenses to investments.

Any legislative restriction on plans that *combine* fully insured contracts with self-funded supplements would undermine an ongoing movement with a successful track record of extending coverage, improving benefits, controlling cost and promoting wellness. It would be seriously counter-productive and I urge you to remove any such provision from proposed legislation.

(It may be worth noting that the Massachusetts Connector Board, after extensive hearings on the matter, adopted specific regulatory language to protect the qualified status of such hybrid plans.)

Thank you for your consideration,

David Cowles, Principal

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