July 29, 2009

The Honorable Harry Reid
United States Senate
522 Hart Senate Building
Washington, DC 20510

The Honorable Nancy Pelosi
United States House of Representatives
235 Cannon House Office Building
Washington, DC 20515

Dear Senator Reid and Speaker Pelosi:

We are writing to reiterate our concern with recent federal health reform efforts—particularly, the Medicare-modeled “public plan” and a national health insurance exchange—which we believe would trample states’ rights and lead Americans down the road to single-payer health care.

The American Legislative Exchange Council (ALEC) represents more than 1,800 state legislative members. ALEC is the nation’s largest nonpartisan, individual membership association of state legislators. Approximately one-third of all state legislators belong to ALEC, in addition to 78 ALEC “alumni” in Congress and more than 300 private-sector companies, national trade associations, and nonprofit organizations. The 167 undersigned members from 41 states are state legislators who chose to take an additional individual stand against the public plan and national health insurance exchange.

In May, ALEC’s lawmakers approved the Resolution on Preserving States’ Rights Regarding Federal Health Insurance Exchanges and a Public Plan (attached), which deems the public plan anti-competitive and invokes the Tenth Amendment to the U.S. Constitution in calling the national health insurance exchange a “federal takeover” of the states’ role in regulating health insurance.

As a representative to such a broad coalition of state interests, ALEC questions the wisdom and practicality of the public plan and the national health insurance exchange. Our concerns include:

* The public plan will not be competitive. It’s an unlevel playing field when the public plan can shift costs to our states’ private insurers because of low doctor and hospital reimbursement rates, and then raid the federal treasury for unlimited subsidies. Government will only compete when it can change the rules to win. To have government serve simultaneously as a regulator and a competitor defies common sense.

* The national health insurance exchange represents a federal takeover of the states’ role in regulating health insurance. States are the primary regulators of the health insurance market today. They provide aggressive oversight of all aspects of the market and ensure a local, responsive presence for consumers. A national health insurance exchange would shift decision-making to Washington and undermine states’ oversight role in health care.
*The national health insurance exchange would lead to a “Robin Hood in reverse” funding scheme in which states with lower health care costs subsidize states with higher costs.* Health care costs vary considerably among states. If the national health insurance exchange leads to creating a regional or national pool, low-cost states would subsidize high-cost states. While this may be a good deal for a high-cost state, low-cost states would end up paying more for health insurance premiums.

*The public plan and national health insurance exchange will lead to single-payer health care.* Political pressure to keep public plan premiums low and benefits high will result in the “crowding out” of private sector insurance alternatives. The Lewin Group estimates that nearly 119 million Americans will drop private coverage and enroll in the government plan. This represents a 60% reduction in the number of Americans with private health insurance—not to mention a significant drop in much-needed state premium tax revenue.

We all share the goal that patients deserve to choose their own quality, affordable, private health coverage. But health reform shouldn’t just be the job of the federal government. These goals are being advanced—and achieved—by state legislators nationwide. ALEC is a national leader in promoting many patient-centered health reforms at the state level, including:

* The *Freedom of Choice in Health Care Act*, introduced by seven states this session, which preserves patient rights to make health coverage decisions in the state constitution.

* The *Health Care Choice Act for States*, introduced by 10 states this session, which allows patients to purchase quality, affordable health coverage across state lines.

* The *Affordable Health Insurance Act*, enacted in Georgia last session, which provides state tax breaks to individuals, businesses, and insurers who buy and sell high-deductible health plans.

* The *Mandated Benefits Review Act*, enacted in 29 states, which provides an institutional check on costly health insurance mandates that keep people uninsured.

We wanted to thank you for taking the time to read this letter. Again, ALEC is troubled by the public plan and national health insurance exchange, which we believe will trample states’ rights and lead Americans down the road to single-payer health care. Our health policy staff welcomes the chance to work with you on developing patient-centered, free-market reforms—and we look forward to sharing with you the stories of ALEC’s state legislators who are advancing and achieving these goals every day.

Cordially,

William J. Howell  
Speaker of the House, Virginia  
National Chairman, ALEC

Linda Upmeyer  
Minority Whip, Iowa House  
Chair, ALEC HHS Task Force

Alan B. Smith  
Executive Director, ALEC
Representative Tom Graves
Georgia House District 12
Representative David Frizzell
Minority Whip
Indiana House District 93

Representative Calvin Hill
Georgia House District 21
Representative Eric Koch
Indiana House District 65

Representative John Meadows
Georgia House District 5
Representative Cindy Noe
Indiana House District 87

Representative James Mills
Georgia House District 25
Representative William Ruppel
Indiana House District 22

Representative Tom Rice
Georgia House District 51
Representative Eric Turner
Indiana House District 32

Senator Chip Rogers
Majority Leader
Georgia Senate District 21
Representative David Wolkins
Indiana House District 18

Representative Donna Sheldon
Georgia House District 105
Representative Linda Miller
Indiana House District 82

Senator Renee Unterman
Vice-Chairman, HHS Committee
Georgia Senate District 45
Representative Richard Carlson
Indiana House District 61

Representative Gene Ward
Hawaii House District 17
Representative Mitch Holmes
Indiana House District 114

Representative James Clark
Idaho House District 3
Representative Steve Huebert
Indiana House District 90

Senator Patti Anne Lodge
Idaho Senate District 13
Representative Forrest Knox
Kansas House District 26

Representative Jeff Thompson
Idaho House District 33
Senator Richard Kelsey
Kansas Senate District 26

Representative Dale Risinger
Illinois Senate District 37
Representative Peggy Mast
Kansas House District 76

Representative Timothy Brown
Indiana House District 41
Representative Don Myers
Kansas House District 82

Representative Bill Davis
Indiana House District 33
Senator Ralph Ostmeyer  
Kansas Senate District 40

Representative Joe Patton  
Kansas House District 54

Senator Mary Pilcher-Cook  
Kansas Senate District 10

Representative Marc Rhoades  
Kansas House District 72

Representative Don Schroeder  
Kansas House District 74

Representative Scott Schwab  
Kansas House District 49

Senator Tom Buford  
Vice-Chair, H & W Committee  
Kentucky Senate District 22

Senator Julie Denton  
Chairman, H & W Committee  
Kentucky Senate District 36

Representative Mike Harmon  
Kentucky House District 54

Representative Jackie Westwood  
Kentucky House District 23

Representative Frank Hoffman  
Louisiana House District 15

Senator Doug Smith  
Maine Senate District 27

Senator Carol Weston  
Maine Senate District 23

Representative Gail Bates  
Maryland House District 9A

Representative Susan Krebs  
Maryland House District 9B

Representative Tanya Shewell  
Maryland House District 5A

Representative Nancy Stocksdale  
Maryland House District 5A

Representative Matt Dean  
Minnesota House District 52

Representative Steve Drazkowski  
Minnesota House District 28B

Representative Sidney Bondurant  
Mississippi House District 24

Representative Becky Currie  
Mississippi House District 92

Representative Jeffrey S. Guice  
Mississippi House District 114

Representative Steven Palazzo  
Mississippi House District 116

Representative Gary Staples  
Mississippi House District 88

Representative Sue Allen  
Missouri House District 92

Representative Cynthia Davis  
Missouri House District 19

Representative Ed Emery  
Missouri House District 126

Representative Doug Ervin  
Missouri House District 35

Representative Cole McNary  
Missouri House District 86

Representative Adelaide Eckardt  
Maryland House District 37B
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Delegate Mark L. Cole  
Virginia Delegate District 88  
Delegate James Massie  
Virginia Delegate District 72  
Delegate Christopher Peace  
Virginia Delegate District 97  
Delegate Lacey Putney  
Virginia Delegate District 19  
Senator Frederick M. Quayle  
Virginia Senate District 13  
Senator Frank Ruff  
Virginia Senator District 15  
Delegate Robert Tata  
Virginia Delegate District 85  
Senator Jerome Delvin  
Washington Senate District 8  
Representative Bill Hinkle  
Washington House District 13  

cc:

Senator Robert Byrd  
Senator Mitch McConnell  
Senator Jon Kyl  
Representative Steny Hoyer  
Representative Jim Clyburn  
Representative John Boehner  
Representative Eric Cantor  
Senator Max Baucus  

Senator Chuck Grassley  
Senator Edward Kennedy  
Senator Michael Enzi  
Representative Charles Rangel  
Representative Dave Camp  
Representative George Miller  
Representative John Kline  
Representative Henry Waxman  
Representative Joe Barton
cc: ALEC members in Congress:

Representative Rodney Alexander
Representative Steve Austria
Representative Spencer Bachus
Representative Marsha Blackburn
Representative John Boehner
Representative Dan Boren
Representative Leonard Boswell
Representative F.A. Boyd
Representative Kevin Brady
Representative Ginny Brown-Waite
Representative Dan Burton
Representative David Camp
Representative John Campbell
Representative Eric Cantor
Representative Howard Coble
Representative Tom Cole
Representative John Culberson
Representative Charlie Dent
Representative Mario Diaz-Balart
Representative Mary Fallin
Representative John Randy Forbes
Representative Rodney Frelinghuysen
Representative Scott Garrett
Representative James Gerlach
Representative Phil Gingrey
Representative Sam Graves
Representative Brett Guthrie
Representative Doc Hastings
Representative Lynn Jenkins
Representative Sam Johnson
Representative Walter Jones
Representative Jim Jordan
Representative Steve King
Representative Jack Kingston
Representative Suzanne Kosmas
Representative Doug Lamborn
Representative Robert Latta
Representative Jerry Lewis
Representative John Linder
Representative Frank LoBiondo
Representative Frank Lucas
Representative Blaine Luetkemeyer
Representative Ken Marchant
Representative Tom McClintock
Representative John McHugh
Representative Cathy McMorris Rodgers
Representative Kendrick Meek
Representative John Mica
Representative Jeff Miller
Representative Jerry Moran
Representative Erik Paulsen
Representative Ed Perlmutter
Representative Joseph Pitts
Representative Todd Platts
Representative Bill Posey
Representative Thomas Price
Representative Adam Putnam
Representative Michael J. Rogers
Representative Mike Rogers
Representative Ileana Ros-Lehtinen
Representative Lucille Roybal-Allard
Representative Edward Royce
Representative Jean Schmidt
Representative Kurt Schrader
Representative Michael Simpson
Representative Adrian Smith
Representative John Sullivan
Representative Todd Tiahrt
Representative Pat Tiberi
Representative Lynn Westmoreland
Representative Joe Wilson
Representative Don Young
Senator Michael Enzi
Senator Lindsey Graham
Senator James Inhofe
Senator Jim Risch
Senator Richard Shelby
Senator Roger Wicker