

AMERICAN COUNCIL ON EDUCATION



OFFICE OF THE PRESIDENT

January 8, 2010

The Honorable Nancy Pelosi
Speaker, House of Representatives
H-232 Capitol Building
Washington, DC 20515-6501

The Honorable Harry Reid
Senate Majority Leader
S-221 Capitol Building
Washington, DC 20510-7020

The Honorable John A. Boehner
House Minority Leader
H-204 Capitol Building
Washington, DC 20515-6537

The Honorable Mitch McConnell
Senate Minority Leader
S-230 Capitol Building
Washington, DC 20510-7010

Re: Health Care Reform Legislation

Dear Speaker Pelosi, Majority Leader Reid, Minority Leader Boehner, and Minority Leader McConnell:

On behalf of the American Council on Education and the undersigned higher education associations, I am writing concerning the House-passed Affordable Health Care for America Act (H.R. 3962) and the Senate-passed Patient Protection and Affordable Care Act (H.R. 3590). We represent the nation's two- and four-year public and private colleges and universities.

As major employers, colleges and universities struggle every day to manage the cost of providing health insurance to employees and their families. Rising health care costs are among the most significant drivers of tuition prices at colleges and universities. In addition, our member institutions seek to advance the common good through teaching, research and public service. For these reasons, we applaud the efforts in these two bills to help reduce the growth rate of health care costs, extend health insurance to millions of uninsured Americans in a fiscally responsible manner and prohibit a range of practices that restrict health insurance coverage.

Both bills take helpful steps to ensure that college students have access to health insurance by raising the age under which students can continue to be covered by their parents' health insurance. We especially appreciate that the Senate version explicitly permits colleges and universities to continue to offer health insurance plans to their students. The bills will also enhance access and improve health care over the long term through new programs supporting innovative medical research.

Despite these noteworthy steps, there are two key issues that raise serious concerns for colleges and universities that we ask you to consider in your deliberations on the final version of the legislation.

First, as currently written, H.R. 3590 threatens the ability of colleges and universities to continue to offer students group-like insurance plans that are both high quality and low cost because it applies the individual market reforms to such plans. This would ultimately increase the premiums students pay because the policies would be rated and priced with all policies sold in the

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individual market. Increased student health insurance premiums would add to the total costs students pay to attend college. This is counter-productive to the significant actions Congress and the administration have taken to make both higher education and health care more affordable. We offered a proposed solution to this problem, but regrettably, it was not included in the manager's amendment. We respectfully request that you preserve the current exemption that protects the ability of colleges and universities to offer high quality and low cost coverage for students. This would prevent an unnecessary increase in student health insurance premiums and the cost of a higher education.

Second, both bills would significantly expand Medicaid, and we are deeply concerned about future increased Medicaid costs and the impact those costs will have on state funding for public higher education institutions and state-based student financial aid programs. Past analysis by Office of Management and Budget Director Peter Orszag and others has demonstrated a direct and inverse relationship between Medicaid costs and state support for higher education—as the states' share of Medicaid costs have increased, states' funding for higher education institutions and programs have decreased. We recognize the importance of Medicaid expansion to increasing the number of Americans with health insurance, and we applaud provisions in the bills that would provide federal subsidies for the increased state share of Medicaid costs through 2016. We urge you to consider additional ways to insulate states from increased Medicaid costs in the future.

Both of these bills represent a historic effort to reform and improve our nation's health care system. However, as with any legislation that has sought to address an issue as complex as this one, there are elements that would result in unintended consequences. As you develop the final version of the legislation, we appreciate your consideration of our concerns and the potential effects on students and higher education institutions. We look forward to working with you to address these concerns.

Sincerely,

Molly Corbett Broad
President

On behalf of:
American Council on Education
Association of American Universities