American Federation of Labor and Congress of Industrial Organizations



815 Sixteenth Street, N.W. Washington, D.C. 20006 (202) 637-5000 www.aflcio.org

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ARLENE HOLT BAKER

EXECUTIVE VICE PRESIDENT

March 24, 2010

Dear Senator:

After more than a year of debate, Congress stands on the brink of finishing work on historic legislation to reform our health insurance system. The legislation before you, the Health Care and Education Reconciliation Act of 2010 (H.R. 4872), makes important and needed improvements to the Patient Protection and Affordable Care Act signed into law yesterday, and we urge your support for the bill.

The legislation signed into law yesterday makes significant progress toward quality, affordable health care for all Americans. The labor movement has been fighting for comprehensive health reform for more than 60 years and we were proud to support passage of this landmark legislation.

This new law will stop the worst insurance company abuses and will lay a critical foundation for containing costs. Seniors will benefit as well, with lower drug prices, improved benefits and almost a decade added to the solvency of Medicare. And small businesses and uninsured individuals will have new coverage options that must meet rules for how premiums are set, with subsidies that will make coverage more affordable.

But the work on comprehensive health reform is not complete without passage of H.R. 4872, which improves the new law in key areas. The reconciliation act will close the Medicare prescription "doughnut hole" by 2020, beginning with a \$250 rebate for seniors who hit the coverage gap this year. It will further extend the solvency of the Medicare program. It will improve the affordability provisions for low and moderate-income families and increase federal support to help states expand their Medicaid programs to cover the most needy. And it will make fairer the penalty on employers who fail to offer coverage to their workers.

Finally, the reconciliation act improves the excise tax on high premium plans. We continue to think the excise tax is the wrong way to contain costs, but the changes included in the corrections bill substantially reduce the impact of the tax on working families—both non-union and union—whose health benefits cost more due to factors beyond their control. Instead of relying so heavily on the excise tax to raise revenues, the reconciliation act makes the Medicare payroll tax fairer to working families by applying it to unearned income.

With passage of the reconciliation act and enactment of the Patient Protection and Affordable Care Act, Congress has laid a solid, credible beginning towards complete health reform—not a baby step or a half-measure, but comprehensive reform legislation that will set our country on a path to health care that really works for working families.

We urge you to vote for the Health Care and Education Reconciliation Act of 2010 and to oppose any efforts to undermine the legislation and derail health reform with spurious amendments.

Sincerely,

Richard L. Trumka

President