Hoagland, Peter

[redacted]

Clinton Library Transfer Form

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Collection/Record Group	Clinton Presidential Records	**Series/Staff Name**	Pam Cicetti
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Folder Title	Hoagland, Peter [103rd Congress]	**OA Number**	10599
		Box Number	
Description of Item(s)	Official White House color photograph of the First Lady and Congressman Hoagland in White House on April 20, 1994 (P14698-04). Stored in AV regular storage on 12-3-2-5		

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Cong.
HOAGLAND

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PRESERVATION

THE WHITE HOUSE

May 18, 1993

Honorable Peter Hoagland
House of Representatives
Washington, DC 20515

Dear Representative Hoagland:

Thank you for your letter in support of the invitation to speak before the Annual Institute on Health Care Law.

Unfortunately, my schedule does not permit me to accept every request that I would like to honor. If I am able to participate in this worthwhile event, I will contact Creighton University directly.

Again, thank you for writing.

Sincerely,

Hillary

THE WHITE HOUSE

May 26, 1993

Honorable Peter Hoagland
House of Representatives
Washington, DC 20515

Dear Representative Hoagland:

Thank you for sharing Ms. Christine M. Reed's letter. Her son Charlie's situation makes a compelling case for long-term care.

Unfortunately, my schedule did not permit me to meet Charlie when I was in Lincoln. I hope you will pass on my sincere regrets to Ms. Reed.

Again, thank you for writing.

Sincerely,

Hillary

Hillary Rodham Clinton

To Congressman Peter Hoagland · With best wishes, and thanks —
Hillary Rodham Clinton

mailed
2/23/94

THE WHITE HOUSE

WASHINGTON

2/2/94

this letter was never answered. Melanne advised it would not be good to answer this late and that lines of communication w/ Hoagland were very good.

cc: Jia, Melanne, Chris

Pam - did we ever R?

PETER HOAGLAND
2ND DISTRICT, NEBRASKA

1113 LONGWORTH HOUSE
OFFICE BUILDING
WASHINGTON, D.C. 20515-2702
(202) 225-4155

8424 ZORINSKY FEDERAL BUILDING
215 NORTH 17TH STREET
OMAHA, NEBRASKA 68102-4910
(402) 344-8701

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Congress of the United States
House of Representatives

cc: Maureen Shea

PHOTOCOPY
HRC HANDWRITING

August 27, 1993

Mrs. Hillary Rodham Clinton
Chairperson
Health Care Reform Task Force
The White House
Washington, D.C. 20500

PAM SEP 2 / 1993

Dear Mrs. Clinton:

In our recent telephone conversation I expressed concern regarding the impact that *exclusive* Health Alliances would have on my constituents within the Second Congressional District of Nebraska. Among those constituents are a number of health insurance carriers that employ approximately 15,000 individuals in the Omaha metropolitan area. During our call you requested that I follow up with written observations on the issue.

I want to make clear that I support your objectives for comprehensive health care reform, particularly in terms of universal access and cost containment. However, I believe some critical issues need to be resolved. A pressing issue relative to my district is the proposed exclusivity of Health Alliances. I would like to address my concerns in terms of the negative impact on both health care consumers and indemnity insurance carriers in my district. Also, I will present some overall concerns I have regarding the concept of exclusive Alliances; concerns I believe have validity beyond my district.

<u>Structure of Health Alliances and Accountable Health Plan</u>
It is my understanding that one or more Health Alliances will be created within each state, acting as a "benefits manager" for individuals and employers. The Alliances would contract with Accountable Health Plans (AHPs) which would offer a standard benefits package. *In an exclusive arrangement,* all individuals and employers situated within the boundaries of a Health Alliance will be required to obtain their coverage through the Alliance.

Members of the Task Force have argued that an exclusive arrangement is an absolute prerequisite for managed competition to be successful, the hypothesis being that if insurers can market outside the Alliance, they would select the healthiest persons. That issue can be resolved by establishing the same ground

rules for insurers offering plans through the Alliance and those marketing directly to consumers; specifically, by requiring guarantee issue in a mandated environment, and by implementing risk adjusters so that no insurer can benefit from a higher proportion of healthier persons, nor would any carrier suffer as a result of adverse selection.

Impact of Exclusive Alliances on Consumers in the Second District

From my perspective as a Representative of a predominantly rural State, I can identify several deficiencies in the concept of exclusive Alliances.

- Individual health insurance is an important source of coverage for persons in small towns and rural communities. Exclusive Alliances would force them to change their current coverage, potentially terminate long-term relationships with physicians and sever ties with insurance agents and companies even though they may be entirely satisfied with their current service and coverage.

- A premise of Health Alliances is the competition among several closely-managed health plans; many rural areas and small towns would be unable to support even one AHP. Certainly some limited aspects of AHPs, such as formalized peer and referral links, created by integrated delivery systems, could be viable in non-urban areas. However, competition and capitation, which are central to the concept, would not be feasible in sparsely populated areas.

- Exclusive Health Alliances do not permit the use of personal agents to assist persons in assessing needs and purchasing insurance. This is particularly crucial in rural areas where consumers have traditionally relied upon agents to assist them. With the removal of the employer resource and the agent, where will individuals go for personal assistance? *As with other government entities, I think it is reasonable to predict that Health Alliances will represent the collective interests of purchasers, with neither the capacity nor incentive to meet individual needs or provide personal service.*

- Exclusive Health Alliances could severely limit the choice of AHPs for my constituents if they are required to participate in only those plans sanctioned by a Health Alliance. The limitation of choice issue is discussed in greater detail later in this letter. Individuals and employers should have the choice of purchasing coverage through a Health Alliance or outside a Health Alliance, through an agent, broker or directly from an insurer.

Impact on Insurance Carriers and Jobs in the Second District

With 11 insurance companies headquartered or having a significant presence in the Second District (see attachment), Omaha has been called the "Hartford of the Midwest." Approximately 15,000 people within the Second District -- five percent of the non-agricultural workforce -- are employed in the health insurance industry.

Considering this presence, any provision of the proposed health care package which could negatively impact those jobs is of great concern to me. Although the *concept* of exclusive Alliances as currently presented would theoretically allow for all players, the *reality* is that exclusive Health Alliances could *totally eliminate* the individual market, thus effectively canceling the policies of 18 million Americans.

A health care delivery system structured around exclusive Health Alliances would have a natural bias toward group managed care products. The Alliance would not be conducive to indemnity free-choice plans either by overt exclusion by the Health Alliance, or due to an absent or ineffectual risk adjustment mechanism (as persons with serious health conditions typically prefer indemnity "free choice" plans). Therefore, I believe the exclusive Health Alliance as currently structured would eliminate jobs within the health insurance industry and ultimately limit insureds' choice of plans, physicians and hospitals.

Many of the companies on the attachment are smaller, indemnity carriers. Nevertheless, they collectively provide coverage and service to millions of people. They are quality-oriented, cost-effective companies that have every right to exist and remain competitive in a free-market system. These companies welcome every opportunity to compete with other insurers and health plans on the basis of cost, productivity and service. The effect of a mandated Health Alliance is effectively to legislate them out of business without the opportunity to prove their value.

Global Concerns about Exclusive Health Alliances

Though my overriding interest is the needs of my Second District constituents, I wish to offer some overall observations about the disadvantages of exclusive Health Alliances.

- An exclusive environment establishes the framework to shift away from a competitive environment. There is a need for an area outside the Health Alliance in which small, emerging health plans can develop, innovate and build the capacity to bid as Health Alliance participants. Without this "proving ground," AHPs will become concentrated, the relationship between Health Alliances and AHPs will get cozy, and the effort to achieve quality and cost-effectiveness will become regulatory as opposed to market-based.

- An exclusive environment removes any fall-back system if the concept proves unsuccessful. If an Alliance turns out to be unresponsive, inept or politically motivated, consumers will have no alternative for coverage or service. Citizens living in poorly run jurisdictions will feel betrayed. At the same time, Alliances will have no incentive to meet performance standards, other than the threat of regulatory penalties, which in itself requires another "watchdog" bureaucracy.

- The massive challenge of launching Health Alliances that can immediately begin serving millions of enrollees suggests that such Alliances should be piloted first, and that those pilots should not be exclusive. This will help assure continuity of care and prevent disruption to millions of Americans.

These more global concerns only serve to reinforce the projected negative impact of exclusive Alliances on my constituents within the Second District. I am anxious to be a proponent of the health care plan enacted by Congress. And I believe that with diligent attention to such issues as exclusive Health Alliances, the resulting package can be one that works for all Americans. I thank you for the opportunity to present my thoughts to you on this matter and I look forward to working with the Administration on a health care package that will benefit all Americans.

With warm regards,

Sincerely,

Peter Hoagland

enclosure

HEALTH INSURANCE CARRIERS
LOCATED IN
SECOND CONGRESSIONAL DISTRICT

Central States Health & Life Company
Continental General Insurance Company
Guarantee America Life Company
Guarantee Mutual Life Company
Medico Life Insurance Company
Mutual of Omaha Companies
Mutual Protective Insurance Company
Physician's Mutual Insurance Company
Principal Health Care of Nebraska
Woodman Accident and Life
World Insurance Company

HOUSE OF REPRESENTATIVES
WASHINGTON, D. C. 20515

PETER HOAGLAND
SECOND DISTRICT
NEBRASKA

Monday, August 9

PAM AUG 17 1993

Mrs. Hillary Rodham Clinton
The White House
1600 Pennsylvania Ave., N.W.
Washington, D.C. 20500

Dear Mrs. Clinton,

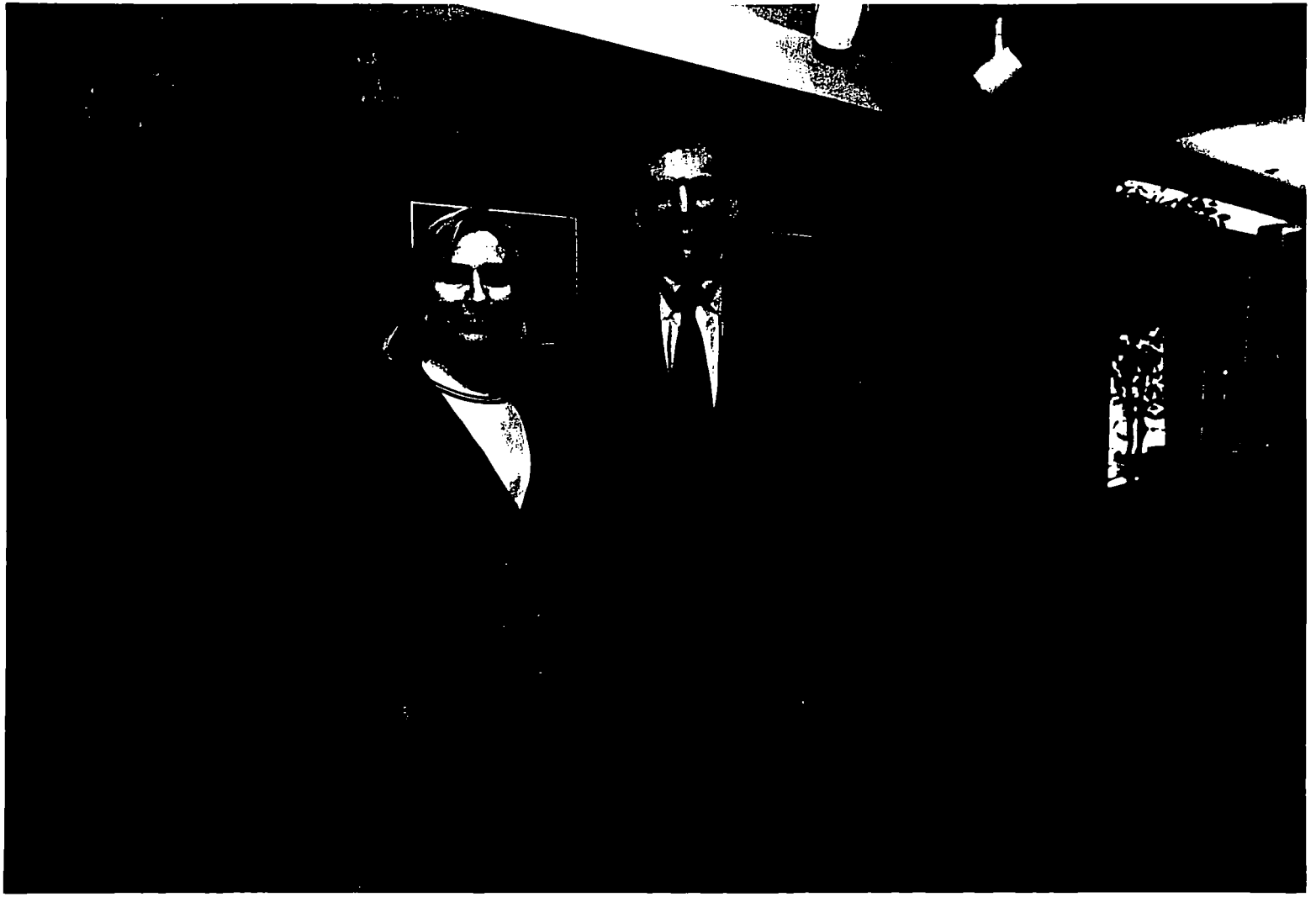
I am relieved that we were finally able to have a "brass tacks" meeting about health care.

I hope I can get together often with you and/or your lieutenants so that I can better understand the program. Not knowing leads to all sorts of apprehensions.

All of you did a wonderful job on the budget. Now finally we can get down to work!

Best,

Pete.



To Representative Peter Hoagland
With best wishes, and thanks -
Hillary Rodham Clinton