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July 26, 2007

Governor Rod R. Blagojevich  
207 State House  
Springfield, IL 62706

Members of General Assembly  
Springfield, IL 62706

**Re: Illinois Covered**

Dear Governor Blagojevich and Members of the General Assembly:

We commend your efforts to advance healthcare reform in Illinois to help solve the problem of the uninsured as well as out-of-control costs and inefficiencies in the healthcare system that compound the problem. We agree with the goal of ensuring that all adults in Illinois have access to quality, affordable health insurance. The Illinois Covered proposal is designed to help small businesses and individuals enrolled in health insurance plans save thousands of dollars a year on healthcare costs. It also would offer coverage to small businesses and individuals whose employers do not offer coverage, through new, comprehensive insurance plans at state-subsidized rates. In addition, the proposal seeks to reform the existing healthcare system to improve quality, enhance accountability, advance cost transparency in healthcare, and make behavior/prevention a core component of reform.

We applaud the recent revisions to the original proposal, which includes a "Roadmap to Health." Under that Roadmap, the State will develop a consensus plan for promoting wellness and managing chronic conditions. The State also would, among other things, promote electronic medical records, improve access to information on quality of care, and reduce administrative costs. In addition, we suggest increased representation on the Roadmap to Health Executive Committee by both small and large employers who provide their employees health coverage.

While pleased with the progress that has been made, we also feel that any healthcare reform proposal should include the following core principles: Healthcare reforms should be market-based, include universal coverage with individual responsibility, provide financial assistance for low-income individuals, emphasize healthier behavior and incentives, and change the tax structure to ensure equal tax treatment. These principles, when implemented, would result in solving the cost and coverage problems that exist in today's system.

We feel it is critical to include these components, particularly more individual responsibility for coverage, in the overall solution. Everyone has a stake in healthcare reform, therefore, there is an

important role not only for businesses, but consumers, government and providers, to be part of that solution. Without more shared responsibility, we need to ensure that there are adequate funding mechanisms for both the Illinois Covered program for employers and employee purchasing programs, and low-income premium assistance, to sustain the program for years to come. Additionally, it is important that all Illinoisans have access to affordable quality healthcare services, with no exclusions for pre-existing conditions.

As one of the largest purchasers of healthcare in Illinois, the State also has an opportunity to fundamentally change how healthcare is delivered by incorporating the Roadmap's principles in state employee health plans. Illinois can require health providers that contract with the State to include wellness and prevention components in all the plans they offer to employees and other recipients of state health services.

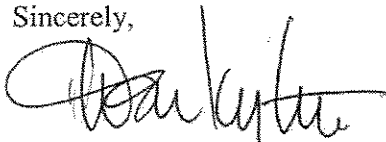
At Safeway, which operates 81 Dominick's stores in Illinois and 1,740 stores in North America, we are reversing the national trend of rising healthcare costs through an innovative plan for our non-union employees. The plan pays 100% of preventive care, rewards healthy behavior, and allows employees to take more control of their healthcare decisions. Through prevention and behavior incentives we have produced remarkable results for employees by providing a better, more comprehensive health plan with significantly lower out-of-pocket costs. Additionally, these market-driven innovations our company has implemented have not only reduced our annual costs for healthcare, but we have reduced the overall healthcare costs for these employees by more than 24 percent. We have accomplished this while improving the benefit structure for workers and, through incentives, behavior and more individual involvement in healthcare decision-making. In fact, we recently approved a major labor contract in southern California that restructures the healthcare plan to include many of these same consumer driven programs.

We also are a founding member of the Coalition to Advance Healthcare Reform (CAHR), an active national coalition of nearly 50 employers and business leaders committed to moving healthcare reform forward at both the state and federal level. The coalition's goal is to advance meaningful, market-based solutions to our nation's healthcare crisis.

Again, we commend your efforts on healthcare and for advancing solutions to help solve the problem. The revised proposal contains many of the principles and policies designed to address the state's healthcare crisis. We also feel there are areas in which the proposal should be refined and strengthened, such as more shared responsibility by individuals, and hope you will consider our recommendations in the pending legislation. This is a critical component to ensure adequate funding to sustain the program for years to come.

We stand ready to work with you to provide additional input and assistance in helping ensure that strong market-based proposals are advanced to help solve the healthcare crisis our nation faces.

Sincerely,



Don Keppta, President  
Dominick's Finer Foods