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Attorney General of California

VICE PRESIDENT
WILLIAM H. SORRELL
Attorney General of Vermont

PRESIDENT'S DESIGNEE
JIM PETRO
Attorney General of Ohio

May 5, 2003

Via Facsimile

Senator Judd Gregg
Chairman
Senate Committee on Health, Education,
Labor and Pensions
393 Russell Senate Office Bldg
United States Senate
Washington, D.C. 20510

Senator Edward Kennedy
Ranking Member
Senate Committee on Health, Education,
Labor and Pensions
317 Russell Senate Office Building
United States Senate
Washington, D.C. 20510

Representative John A. Boehner
Chairman
Committee on Education and the Workforce
1011 Longworth House Office Building
Washington, D.C. 20515

Representative George Miller
Ranking Minority Member
Committee on Education and the Workforce
2205 Rayburn House Office
Building Washington, D.C. 20515


Dear Senators Gregg and Kennedy and Representatives Boehner and Miller:

Re: S. 545 and HR. 660 - "Small Business Health and Fairness Act of 2003"

On April 24, 2003, we sent you a sign-on letter by 38 Attorneys General, in opposition to the S.545 and H.R. 660 - "Small Business Health and Fairness Act of 2003". Attorneys General Richard Ieyoub of Louisiana, Roy Cooper of North Carolina and Peg Lautenschlager of Wisconsin would like to join their colleagues in opposing this legislation so please consider their signatures as additions to the original letter. Thus, a total of 41 Attorneys General have signed on to the April 24th letter.

Attached is a revised letter for the record that reflects the additional signatures. Thank you very much.

Sincerely,


Lynne M. Ross
Executive Director

cc: Attorney General Richard Ieyoub
Attorney General Roy Cooper
Attorney General Peg Lautenschlager

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LYNNE M. ROSS
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April 24, 2003

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By Fax

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2205 Rayburn House Office Building
Washington, D.C. 20515

Dear Senators Gregg and Kennedy and Representatives Boehner and Miller:

Re: S. 545 and HR. 660 - "Small Business Health and Fairness Act of 2003"

As the principal enforcers of consumer protection laws in our respective states, we, the undersigned Attorneys General, write in opposition to legislation pending before Congress that will preempt state laws that regulate and oversee association health plans.

Association health plans are health insurance plans sponsored by professional and business associations. We know from past experience that exempting these plans from state law harms consumers. In the mid 1970's, Congress enacted legislation which exempted a similar type of plan from state law. These plans were called Multiple Employer Welfare Arrangements ("MEWAs"). The result of this

experiment was at least 398,000 consumers with more than \$123 million in unpaid claims. Not surprisingly, Congress repealed the exemption that preempted state regulation as the only way to limit fraud and abuse.

State oversight and regulation is the best way to insure that plans remain solvent and that consumers are protected against fraud. Clearly, to expect the Department of Labor to protect American consumers who use these plans in the same fashion that is now afforded by the states is unrealistic. Resource limitations alone make it an impossible task, not to mention the lack of similar federal regulatory authority.

Finding health care solutions for small businesses that are workable and affordable is a laudable goal and one that we support. However, we should not repeat the mistakes of the past by preempting state laws that regulate association health plans in the belief that we are helping small businesses and consumers. Estimates from the Congressional Budget Office state that premiums would increase for 80 percent of small employers, and as many as 100,000 workers would lose coverage altogether under this kind of legislation.

Preemption of state authority over these plans eliminates the ability of the states to intervene on behalf of consumers when these plans fail to live up to their promises. Protections that most of us take for granted would be eliminated for subscribers to these plans such as: limits on how much and how often premiums could be increased; rights to appeal claim denials; required coverage benefits such as mammography, cancer screenings, and emergency service; and consumer marketing protections.


Consumers rightfully expect their states to protect them from fraud and abuse. Elimination of the state role and replacement with weak federal oversight is a bad deal for small businesses and for consumers.

If you have any questions, please feel free to contact us directly.

Sincerely,



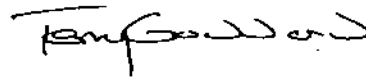
Christine O. Gregoire
Attorney General of Washington



D. Mike Fisher
Attorney General of Pennsylvania



Attorney General Gregg Renkes
Attorney General of Alaska



Attorney General Terry Goddard
Attorney General of Arizona



Attorney General Mike Beebe
Attorney General of Arkansas



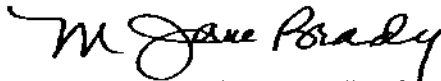
Attorney General Bill Lockyer
Attorney General of California



Attorney General Ken Salazar
Attorney General of Colorado



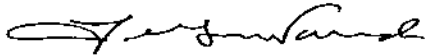
Attorney General Richard Blumenthal
Attorney General of Connecticut



Attorney General M. Jane Brady
Attorney General of Delaware



Attorney General Thurbert E. Baker
Attorney General of Georgia



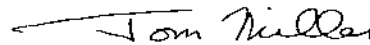
Attorney General Lawrence Wasden
Attorney General of Idaho



Attorney General Lisa Madigan
Attorney General of Illinois




Attorney General Stephen Carter
Attorney General of Indiana



Attorney General Tom Miller
Attorney General of Iowa



Attorney General A.B. "Ben" Chandler III
Attorney General of Kentucky



Attorney General G. Steven Rowe
Attorney General of Maine



Attorney General J. Joseph Curran, Jr.
Attorney General of Maryland



Attorney General Tom Reilly
Attorney General of Massachusetts



Attorney General Mike Hatch
Attorney General of Minnesota



Attorney General Mike Moore
Attorney General of Mississippi



Attorney General Jeremiah W. Nixon
Attorney General of Missouri



Attorney General Mike McGrath
Attorney General of Montana



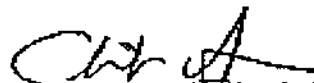
Attorney General Brian Sandoval
Attorney General of Nevada



Attorney General Peter W. Heed
Attorney General of New Hampshire



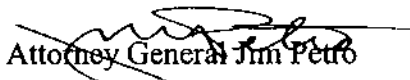
Attorney General Peter C. Harvey
Acting Attorney General of New Jersey



Attorney General Eliot Spitzer
Attorney General of New York



Attorney General Wayne Stenehjem
Attorney General of North Dakota



Attorney General Jim Petro
Attorney General of Ohio



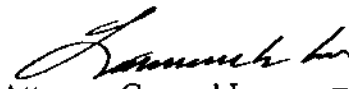
Attorney General W. A. Drew Edmondson
Attorney General of Oklahoma



Attorney General Hardy Myers
Attorney General of Oregon



Attorney General Patrick Lynch
Attorney General of Rhode Island



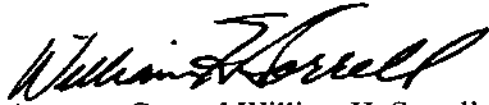
Attorney General Lawrence E. Long
Attorney General of South Dakota



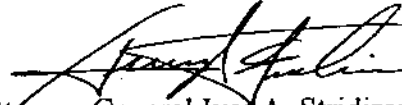
Attorney General Paul Summers
Attorney General of Tennessee



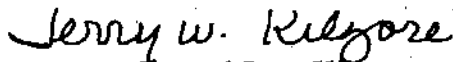
Attorney General Mark Shurtleff
Attorney General of Utah



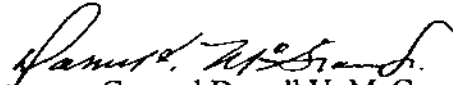
Attorney General William H. Sorrell
Attorney General of Vermont



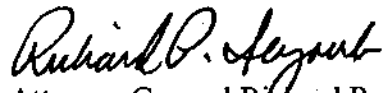
Attorney General Iver A. Stridiron
Attorney General of U.S. Virgin Islands



Attorney General Jerry Kilgore
Attorney General of Virginia



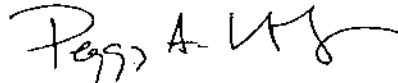
Attorney General Darrell V. McGraw Jr.
Attorney General of West Virginia



Attorney General Richard P. Ieyoub
Attorney General of Louisiana



Attorney General Roy Cooper
Attorney General of North Carolina



Attorney General Peg Lautenschlager
Attorney General of Wisconsin

Attachments

cc: Senate Committee on Health, Education, Labor and Pensions
House Committee on Education and the Workforce