

# Small Business Coalition for Equitable Health Insurance

## **An Important Message about Association Health Plans**

**FROM:** Arizona Small Business Association, Association of Washington Business, Council of Smaller Enterprises / Greater Cleveland Growth Association, Denver Metro Chamber of Commerce, Detroit Regional Chamber, Grand Rapids Area Chamber of Commerce, Greater Akron Chamber of Commerce, Greater Albuquerque Chamber of Commerce, Greater Cincinnati Chamber of Commerce, Greater Columbus Chamber of Commerce, Greater Seattle Chamber of Commerce, Kansas Small Business Association, Lansing Regional Chamber of Commerce, Massachusetts Business Association, Merrimack Valley Chamber of Commerce (MA), Metro Jackson (MS) Chamber of Commerce, Michigan Chamber of Commerce, National Small Business Association, North Central Massachusetts Chamber of Commerce, Northern Ohio Area Chambers of Commerce, Small Business Association of Michigan, SMC Business Councils (PA), Tacoma-Pierce County (WA) Chamber of Commerce, Toledo Chamber of Commerce, and Youngstown/Warren (OH) Regional Chamber

Over the last few months, you have probably received a number of communications about Association Health Plans (AHPs). Proponents of AHPs are pushing to pass legislation to enable associations to sell health insurance across state lines without having to abide by state laws. We oppose this legislation, and as local Chamber and Association professionals with health care experience, we want to let you know just a few of the reasons why.

- There are no prohibitions against group purchasing programs (AHPs) today, at any level of government. Associations are already free to run health plans right now if they abide by state law.
- AHPs, under this legislation, would get their advantage by overriding many of the minimum requirements established by 48 of the 50 states to protect their citizens and small businesses.
- This legislation does not specifically prevent an AHP from domiciling in the state with the loosest insurance regulations. An AHP could set up shop in a state that does not meet the minimum requirements of other states, and sell insurance across the country based upon one state's lax healthcare laws.
- Studies by the Congressional Budget Office and Mercer Risk, Finance and Insurance show that most of the enrollment in AHPs will come from businesses that already provide insurance. Of the estimated 4.6 million people expected to participate in AHPs, only 330,000 people, or 1 in 14, would be newly insured. Furthermore, this legislation would add an additional one million people to the already increasing tally of the uninsured.
- According to those studies, only 20% of small firms will see lower premiums. This legislation will increase healthcare costs for the 80% of small businesses not participating in an AHP.
- Most important, we as businesspeople understand that AHPs do absolutely nothing to address the fundamental factors driving health insurance costs. Not one provision in the AHP legislation makes any mention of cost-containment, and tossing a leaking life-vest to a drowning system is simply irresponsible.
- Proponents have said that AHPs would allow associations much greater flexibility in designing and offering benefits for their members. This couldn't be farther from the truth – the process to establish an AHP under this legislation is painfully complex and gives large, national associations an unfair advantage. We encourage group purchasing programs regulated under state law to provide bargaining clout and avoid the windfall of problems created by federal legislation. *For more details on the rigorous process of starting and running an AHP, please contact Molly Brogan at 1-800-345-6728.*

Bottom line – this legislation will divide health insurance markets between the “haves” (younger, healthier groups) and the “have nots” (older, sicker groups). It will increase a majority of small business healthcare premiums, it will erode the level of benefits, and it will NOT fix the problem – on the contrary, it will magnify it.

**Please visit [www.sbhealthequity.org](http://www.sbhealthequity.org) for more information.**