

March 20, 2017

The Honorable Paul Ryan
Speaker of the House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Democratic Leader
H-204, The Capitol
Washington, DC 20515

Dear Speaker Ryan and Leader Pelosi:

The undersigned organizations urge Congress to oppose H.R. 1101, the Small Business Health Fairness Act of 2017, which would increase costs and threaten stability of coverage for many small businesses and their employees.

This bill would exempt association health plans from adhering to critical state and federal consumer protections for small group coverage. These requirements have benefitted small employers and their workers alike. They include protections under the Affordable Care Act that prevent plans from charging small employers exorbitantly higher premiums because their employees have poorer health, are older, or are disproportionately women. They also include state and federal benefit mandates that are meant to ensure that small group plans cover comprehensive benefits that meet the needs of a diverse workforce.

By allowing association health plans to ignore these key protections, this bill would increase premiums and threaten stable access to comprehensive coverage for many small employers and their workers. Employers with a young workforce that is in pristine health may be able to get lower premiums. However, the rest of small businesses would see premiums become less affordable, whether they sought it through an association or the existing small group market. Small businesses with a workforce that is older, disproportionately women, or that has more health problems would suffer the most. Employees moved to association plans would be at risk of facing skimpier coverage that doesn't cover critical state and federally mandated services, such as maternity care, autism treatment, and diabetes treatment. They would also lose state consumer protections to help them resolve disputes with their health plan if they think they have been unfairly denied benefits.

We also have significant concerns that association health plans are prone to fraud and are at a higher risk of plan failure and insolvency. In the past, there have been significant problems with insurance scams marketed as association health plans. These scam insurance products left thousands of workers with millions of dollars in unpaid medical bills. Insolvencies of association health plans due to plan failure also left thousands of people on the hook for millions of dollars in unpaid claims.¹ Workers and their families covered by association health plans that go insolvent face significant hardships, including loss of coverage, unpaid medical bills, and potential financial ruin and medical debt. This bill would only exacerbate this problem by holding association health plans to federal solvency standards that are much weaker than state standards and circumscribing state oversight authority to crack down on insurance scams and prevent the proliferation of fraudulent plans.

Exempting association health plans from important state and federal consumer protections is not the solution to make coverage more affordable for small businesses and their workers. This bill would just

¹ Mila Kofman, Eliza Bangit, and Kevin Lucia, *MEWAs: The Threat of Plan Insolvency and Other Challenges*, (Washington, DC: Georgetown Health Policy Institute, March 2004).

move backward to a two-tiered system that makes it harder to purchase comprehensive, affordable coverage for all but a minority of small businesses.

This bill is essentially identical to legislation that has been introduced in Congress repeatedly over the years. In the past, similar legislation has been opposed by over 1050 state government, business, labor, and consumer organizations, and physician and provider groups, including many small business organizations and chambers of commerce.²

While H.R. 1101 purports to help small employers, this legislation would make access and affordability issues even worse resulting in higher premiums and less secure coverage for many small businesses.

Thank you for your consideration.

Sincerely,

American Nurses Association
Alliance for Retired Americans
American Cancer Society Cancer Action Network
American Diabetes Association
American Federation of State, County and Municipal Employees
Association of Reproductive Health Professionals
Bazelon Center for Mental Health Law
Community Catalyst
Consumers Union
Families USA
International Union, United Automobile, Aerospace & Agricultural Implement Workers of America, UAW
NARAL Pro-Choice America
National Association of Nurse Practitioners in Women's Health (NPWH)
National Council of La Raza (NCLR)
National Education Association
National Institute for Reproductive Health
National Partnership for Women & Families
National Women's Health Network
Raising Women's Voices for the Health Care We Need
Service Employees International Union (SEIU)

² 150 Cong. Rec. H2961-2966 (2004), available at: <https://www.congress.gov/congressional-record/2004/5/13/house-section/article/H2951-1>.