

March 2, 2002

The Honorable J. Dennis Hastert
Speaker
U.S. House of Representatives
H-232 Capitol
Washington, D.C. 20515

Small Business Workers Need Association Health Plans Now More Than Ever

Dear Mr. Speaker:

As double-digit health premium increases and a weakened economy put more and more small business workers in jeopardy of losing their health benefits, we must turn our attention to the problem of the uninsured early in 2002. We are writing to express our belief that, in addition to consideration of proposals to assist workers who have become unemployed in recent months, it is critical that Congress take action on comprehensive small business health insurance reform. We feel strongly that this should include enactment of the Small Business Health Fairness Act of 2001 (H.R. 1774), bipartisan legislation approved by the House as an amendment to the Patients' Bill of Rights (H.R. 2563) on August 2, 2001.

With health insurance premiums for workers employed in small businesses rising at alarming rates for the fourth year in a row, we fear that the number of uninsured Americans will increase dramatically over the next few years. The Small Business Health Fairness Act, which President Bush supports would address this problem by creating new Association Health Plans (AHPs) for workers employed in small businesses and the self-employed. The bill will provide working families employed by small businesses with more health benefits, and more health plan choices, at affordable prices.

AHPs are critical to addressing the problem of rapidly rising health insurance premiums and the uninsured problem because small businesses and the self-employed do not have the advantage of spreading their health insurance costs over large numbers of people, as do corporate and labor union health plans. Moreover, corporate and union health plans can operate under one set of rules, across state lines, and are exempt from insurance mandates which have driven up costs and greatly dampened competition in health insurance markets. Small businesses do not have access to these advantages.

It is time to level the playing field by allowing small businesses and the self-employed access to the same opportunities in health insurance coverage that large corporations and labor unions now enjoy. The Small Business Health Fairness Act would rectify this inequity by providing small businesses with similar opportunities to operate health plans under one uniform set of rules via bona fide trade and professional associations. This would provide workers with the benefits of greater economies of scale over which to spread costs, more bargaining power with large insurance companies, reduced administrative costs and greater benefit design flexibility. The bill also will inject competition into markets where it is severely lacking, thus further reducing premiums for workers. One study has estimated that up to 8.5 million uninsured small business workers would gain coverage if Congress enacts this legislation.

Again, we must turn our attention to the problem of the uninsured early in 2002. Whether it is part of a Patients' Bill of Rights or a new legislative package aimed at addressing the uninsured

problem, Congress and President Bush have a golden opportunity to make health insurance affordable for millions of small business workers by enacting the Small Business Health Fairness Act in 2002.

We appreciate your enabling us to continue to call attention to this problem through hearings, briefings and legislation, and look forward to working with you and others in leadership to achieve this objective.

Sincerely,

Ernie Fletcher
Member of Congress

Cal Dooley
Member of Congress

Ken Lucas
Member of Congress

Nydia Velazquez
Member of Congress

Donald Manzullo
Member of Congress

Randy "Duke" Cunningham
Member of Congress

Cass Ballenger
Member of Congress

Walter Jones, Jr.
Member of Congress

Jim Kolbe
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Thomas G. Tancredo
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Dave Weldon
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John Shimkus
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Mike Pence
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Terry Everett
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Bob Schaffer
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Dennis Rehberg
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Zach Wamp
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John J. Duncan, Jr.
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Thomas E. Petri
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Shelley Moore Capito
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John McHugh
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Sue Kelly
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Harold Rogers
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Jim DeMint
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James Greenwood
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Adam Smith
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Wally Herger
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James Moran
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Jo Ann Emerson
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Dan Burton
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Martin Frost
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Mike Simpson
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Kay Granger
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