

Chairman John Boehner
Education and the Workforce Committee
U.S. House of Representatives

Dear Chairman Boehner:

We would like to compliment Representative Johnson and the other members of the Employer-Employee Relations subcommittee on their mark-up and passage of H.R. 660, the Small Business Health Fairness Act of 2003. The amendments they made not only strengthen it, but respond directly to the concerns expressed by some critics. We urge you to pass it without additional amendments that could threaten its chances on the House floor.

The rising cost of health insurance is a major concern for our small business members. In a survey conducted last year of our members nationwide we discovered that on average our contractor members have seen their health insurance premiums increase an average of 61% over the last three years. Under the current system, many small businesses cannot afford health coverage for their employees. This rapid rise of health care costs has priced insurance premiums beyond their reach. To make matters worse, the number of insurers that serve the small business market continues to dwindle.

When you consider that small firms pay on average 18 percent more for health insurance than a medium-sized company, this level of savings would fill the cost gap currently driving small business out of the market. For over 25 years, large and medium sized multi-state companies have been able to provide group health coverage for their employees under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA has helped drive down health care costs while still providing universal coverage for their employees. Today, over 115 million Americans are covered by ERISA plans.

By most estimates, approximately 41million Americans are currently without health insurance. Of that figure, over 60 percent reside in a family where the head of the household is employed by a small business. AHPs would allow our small community-based contractors to pool their coverage in the same fashion as large and medium-sized companies. By passing legislation expanding the use of AHPs, your committee and this Congress can go a long way towards providing health insurance to millions of uninsured Americans.

This legislation would create association health plans (AHPs), which will allow small businesses to band together through associations and purchase quality health care at a lower cost. The ability for small contractors to band together nation-wide and achieve the same economies of scale as Fortune 500 companies and the large unions is sorely needed and long overdue.

ACCA members are continually being squeezed by the large health insurance companies and their interminably rising healthcare premiums. In a survey conducted last fall, ACCA contractors reported on average a 60% jump in their healthcare costs over the last three years. Unfortunately, the small group health insurance market is virtually held hostage by the insurance industry because of federal prohibitions against nationwide association health plans. Enactment of the Small Business Health fairness Act is ACCA's number one legislative priority in the 108th Congress for.

Labor Secretary Elaine Chao, Small Business Administrator Hector Barreto and President Bush have all indicated their support for this legislation. The time for association health plans to become the law of the land is now. We look forward to working with members of Congress and the Administration for swift passage of this bill.

Sincerely,

Paul Stalknecht, President and CEO
c.c. Members, Education and the Workforce Committee