



February 21, 2003

The Honorable Ernest Lee Fletcher
U.S. House of Representatives
1117 Longworth Office Building
Washington, DC 20515

Dear Ernie:

Thank you for your sponsorship of H.R. 660, legislation authorizing the formation and multi-state operation of association health plans (AHPs). Your continuing support for this initiative is critical to its prospects for success, and is deeply appreciated by NAW-affiliated employers in Kentucky and across the country.

As you appreciate, employers are struggling in the current health insurance marketplace. The trend of rapidly rising premiums shows no signs of abating, and in response, employers are finding it necessary to share more of the economic burden this poses with their employees.

This problem is particularly acute in the smaller employer community. Data NAW compiled in a recent survey of wholesaler-distributors revealed an average industry-wide premium increase of 19 percent for the second consecutive year, a rate which rises to 23 percent for employers of 50 and fewer employees.

AHP legislation, a top NAW legislative priority which leads our association's health policy agenda, is aimed at the heart of this problem. Enactment will enable smaller employers to realize cost-saving marketplace clout and economies of scale similar to that currently enjoyed by health plans sponsored by large corporations and labor unions. The cost of providing health insurance as an employee benefit will be brought within the reach of many smaller employers who are today unable to offer health insurance benefits, and the ultimate beneficiaries will be small business employees and their dependents that comprise a substantial portion of America's 41 million medically uninsured persons.

Thank you again for your leadership. I look forward to working with you on this matter of urgent concern to NAW-affiliated small employers.

Sincerely,

James A. Anderson, Jr.
Vice President-Government Relations
National Association of Wholesaler-Distributors

cc: NAW members in Kentucky