



January 22, 2003

**Association Health Plans:
One Solution for Small Businesses Seeking Affordable Health Care**

Dear Representative:

A recently circulated "Dear Colleague" made several false claims about Association Health Plans (AHPs). NFIB would like to set the record straight.

Myth: AHPs "...contribute to rising premiums by undercutting the stability of insurance risk pools."

Fact: The legislation makes clear that AHPs will have to comply with the Health Insurance Portability and Accountability Act (HIPAA), prohibiting group health plans from excluding high-risk individuals or employers with high claims experience.

Myth: "AHPs are exempt from almost all state consumer protection laws regarding benefits, premiums, solvency, and other consumer protections..."

Fact: AHPs would be regulated by DOL and would be subject to stringent requirements relating to claims reserves, surplus reserves, mandatory stop-loss coverage and other provisions to protect consumers.

Myth: "...enabling AHPs to 'cherry-pick' the lowest cost enrollees from existing risk pools is a recipe for higher premiums and reduced access to coverage."

Fact: Only bona fide trade or professional associations, which must exist for at least 3 years for purposes other than offering health benefits, can sponsor an AHP. Plans must abide by all HIPAA rules and therefore cannot exclude high-risk groups or individuals.

Sadly, the "Dear Colleague" offered no solution to the insurance premiums that continue to spiral out of control. In addition, the articles from the *New York Times* and *Wall Street Journal* that had been circulated were misleading and focused on Multiple Employer Welfare Arrangements (MEWAs), NOT AHPs. Attached is NFIB's letter to the *Wall Street Journal* editor as well as a fact sheet on AHPs v. MEWAs.

NFIB looks forward to working with you again this Congress to enact a sensible solution to increasing health care costs. Thank you for your continued support of small business priorities.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan Danner", is written over a thin horizontal line.

Dan Danner