

United States Senate

WASHINGTON, DC 20510

August 1, 2002

Support AHP Legislation to Give Small Businesses Affordable Health Care Options

Dear Colleague:

You recently received a letter from Senator Durbin, which discussed the Small Business Health Fairness Act (S. 858), legislation which would provide Fortune 500-style health benefits to small business workers through Association Health Plans (AHPs). This legislation is the top health care priority of many small business groups and has the strong support of over 90 organizations that represent over 12 million small employers and more than 80 million workers!

Senator Durbin's letter points out that small businesses are so desperate to find access to health care benefits that they are increasingly turning to fly-by-night organizations to purchase health coverage which often is not secure. These plans are supposed to be regulated by the states, but unfortunately, state insurance departments are unable to prevent fraud and abuse by unscrupulous operators. As health insurance premium increases continue spiraling out of control, this situation promises to grow worse. Sadly, Senator Durbin's letter offers no solution to this crisis situation for small businesses.

We do agree with Senator Durbin, however, that health care fraud and abuse is a growing problem and that the current system is failing to provide small employers and their workers with access to affordable health care coverage. Any effective solution must expand access to coverage by giving small businesses new options for obtaining affordable health benefits.

The Small Business Health Fairness Act, with strong new solvency standards and other consumer protections, is one essential *solution* to this problem. AHP legislation will provide small businesses with new health benefit options that can only be offered by *long-standing, bona fide* associations. This will minimize the desire for small employers to turn to fly-by-night operations masquerading as legitimate associations.

Our bill contains strong new solvency standards (including claims reserves, surplus reserves, mandatory stop-loss coverage and other provisions) to make sure that benefits are secure. A former Department of Labor Inspector General testified before Congress that the new enforcement tools contained in AHP legislation are "important and necessary" to efforts aimed at combating health insurance fraud.

AHP legislation will reverse the current trend of declining access to health care for small businesses by providing the same economies of scale, bargaining clout and administrative efficiencies now available only to workers in corporations and unions. The time has come for this sensible solution. Join us by cosponsoring S. 858 today!

Sincerely,



Senator Tim Hutchinson



Senator Christopher "Kit" Bond