



SMALL BUSINESS HEALTH PLANS

Issue: Perhaps the biggest challenge facing American businesses today – both large and small – is the rising cost of health care. Over the last six years annual increases in health care premiums have been in double-digits, and the number of uninsured Americans, estimated to be over 45 million, continues to grow. The business community generally supports efforts to contain costs, while making health care coverage more available. For the most part, remain opposed to mandatory coverage or to a national health care program.

Background: The concept of small business health plans (SBHPs) is a relatively new concept that has gained traction over the past few years. Under such an arrangement, small businesses with little buying power can band together through bona fide trade organizations to pool their purchasing power to buy health insurance. SBHPs could offer fully insured plan options to their member companies across the country under a uniform set of rules. No longer would they be prohibited from negotiating rates across state lines. SBHPs would make health insurance more affordable for small businesses through reduced premiums and administrative costs vis-à-vis the status quo.

Status: On July 26, 2005, the full House of Representatives passed H.R. 525 by a vote of 263 - 165, garnering the support of nearly 40 Democrats. Then in November 2005, Sen. Mike Enzi (R-WY), chairman of the Health, Education, Labor and Pensions Committee, introduced his bill, S. 1955, in the Senate. Senator Enzi and his supporters were successful in moving the bill through the committee process and on to the Senate floor. But on May 11, 2006, following a disappointing string of events, the Senate voted 55-43, not to cut off debate on the bill, essentially killing any further action during the 109th Congress.

IHA Position: IHA supports legislation that would allow small businesses to band together through their bona fide trade associations to purchase health care plans. IHA believes such legislation would serve the dual purpose of reducing health care costs for small businesses, while expanding availability and options for employees of those businesses. Further, IHA believes that competition is a good thing for the consumer, whether it relates to purchasing goods and services, or to purchasing a health care plan. *IHA supports the enactment of legislation, H.R. 525 and S. 1955, to allow the establishment of association health plans, so as to enhance the competitive position of small businesses who seek to provide their employees and families with good, affordable health care.*