

## **AHPs are a matter of fairness**

*By Sen. Olympia Snowe (R-Maine)*

For the past decade, the American people have consistently and overwhelmingly told Congress that access to affordable health insurance and the explosive growth in premiums are a major concern. Unfortunately, the Senate has not passed legislation to confront this deepening national crisis that continues to harm small businesses' ability to create jobs and compete in today's global economy. The time to act is now.

There is a solution: association health plans (AHPs). This year, I introduced S. 406, the Small Business Health Fairness Act of 2005, a fiscally sound and tested approach that provides small businesses in different states with the freedom to pool their employees together to create health plans.

My bill is a matter of simple fairness. I believe small businesses, just like large businesses and unions, should have the option to purchase health plans across state lines with uniform benefits packages.

My bill would spur competition in stagnant insurance markets in which small businesses have few, if any, viable coverage choices. It allows them to shop for affordable, quality plans with much lower administrative costs while at the same time drastically shrinking the ranks of the nearly 46 million Americans living without health insurance.

AHPs have been touted by President Bush and enjoy the support of 12 million employers and 80 million employees. The House of Representatives overwhelmingly passed — for the eighth time — an AHP bill in July, 263-165. Senate Majority Leader Bill Frist (R-Tenn.) recently said he intends to address my bill as part of a “healthy America” legislative session this year. But if the Senate does not schedule a vote and pass AHP legislation, the national health-insurance crisis will worsen.

We are closing in on five years of double-digit growth in health-insurance premiums — increases that are four times the rate of inflation. In July, the Maine Center for Economic Policy reported a 15 percent average premium increase for small businesses in Maine over the past three years.

The report highlights several other alarming trends: Half of the small businesses surveyed raised deductibles over the past three years. More than one-quarter have either increased copayments or reduced benefits coverage, or have delayed pay raises to cover

increased costs. Eight percent have dropped health coverage entirely.

The stories I hear from small-business owners — both in Maine and across the country — are disturbing. I recently met with representatives from the Maine Association of Realtors who explained to me how the only “affordable” coverage option in their insurance market is “catastrophic coverage.” They pay deductibles ranging from \$5,000 to \$15,000, on top of already expensive premiums. That’s \$5,000 to \$15,000 for policies that fail to offer basic health coverage.

Two reports released last month also conclusively demonstrate how the cost of healthcare has moved beyond the reach of most small businesses. According to the Small Business Administration’s Office of Advocacy, less than 40 percent of employees in the smallest firms were eligible for health insurance while more than 77 percent of the largest firms’ employees were eligible for coverage. The SBA report echoes a report released by the U.S. Census Bureau, which found the percentage of Americans covered by employment-based health insurance decreased from 60.4 percent in 2003 to 59.8 percent in 2004.

My AHP legislation, which has the support of 13 of my Senate colleagues, including Sen. Robert Byrd (D-W.Va.), offers a common-sense solution to the problem of rising healthcare costs. It unleashes the power of the competitive market to provide small businesses with more choices when it comes to securing affordable, quality insurance coverage.

The SBA report validates the potential savings inherent in AHPs: “Allowing small firms greater access to methods of pooling risk and administrative costs in both pension plans and health insurance may also encourage a wider offering of those benefits.”

In the coming weeks, I will continue to work closely with the Bush administration, Majority Leader Frist and other members of Congress to ensure that association-health-plan legislation moves onto the Senate floor for a final, long-awaited vote. The Senate must pass AHP legislation this year so that millions of small-business owners can provide health insurance to our nation’s most indispensable employees.

Doing nothing is no longer an option.

*Snowe chairs the Senate Committee on Small Business and is a member of the Finance Committee.*

