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United States House of Representatives
Washington, DC 20515

Dear Representative:

Consumers Union urges you to oppose H.R. 660, “The Small Business Health Fairness Act of 2003.” We are committed to helping ensure that consumers receive affordable, high-quality health care, and join members of Congress in seeking workable solutions for reducing the number of uninsured. However, association health plans (AHPs) are *not* the solution. AHPs would harm the health care system by creating skimpy coverage for some, driving up premiums for the sick, and undermining state efforts to spread health care costs fairly across the population.


Federally-certified AHPs would allow small firms to band together to purchase health insurance while escaping certain state regulations such as benefit mandates and solvency requirements. AHPs could offer skimpy benefits, since they would be exempt from offering benefits mandated by the states for traditional health insurance plans.

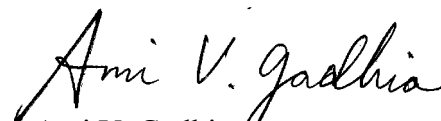
This means that consumers could be paying premiums for plans that do not offer benefits such as mammography screening, cervical cancer screening, check-ups for children, bone marrow transplants, and diabetic supplies – benefits that many states require traditional health insurance plans to provide. Proponents of AHPs claim that the savings to associations and small businesses would come from administrative efficiencies; in reality, cost savings will come in large part because AHPs would not be required to provide any benefits they deem too costly.

In addition, AHPs are likely to split the healthy from the sick, fragmenting the risk pool. Healthy people will be more likely than sick people to accept the skimpier, low-priced plans. These healthy individuals will be pulled out of the existing insurance pool. The resulting “cherry-picking” of the healthy will undermine state insurance reform efforts that are designed to spread costs broadly and make coverage more affordable to high-risk people.

We urge you to vote against H.R. 660. While we recognize the need for small businesses and associations to provide for the health care needs of their members, AHPs are not the solution, and will only cause greater problems if they are enacted.

Sincerely,


Gail Shearer
Director, Health Policy Analysis


Ami V. Gadhia
Esther Peterson Fellow