



Association Health Plan Legislation Passes the House

But bill excludes employees from crucial health care coverage.

On July 26 the U.S. House of Representatives approved the “Small Business Health Fairness Act of 2005” (HR 525). The bill, which passed 263 to 165, would allow organizations such as trade, industry, and professional associations, as well as chambers of commerce, to sponsor association health plans (AHPs) for their members. Under HR 525, these plans would function like insurance companies but would be exempt from state regulations that provide vital consumer protections, including guaranteed access to a minimum level of coverage. Proponents of the legislation maintain that AHPs would make it easier and less expensive for small businesses to provide health care to employees.

A variety of nonpartisan studies have shown that the solution proposed by AHPs will do little to address the very real needs of small businesses or decrease the ranks of the uninsured. In fact, the nonpartisan Congressional Budget Office found that the vast majority of small-business employees—more than 20 million employees and their dependents—would actually see their premiums increase under AHP legislation.

The ANA believes strongly that AHPs are *not* a solution to the access and affordability problems facing small firms. The ANA has joined more than 1,300 national, state, and local groups in opposition to this legislation, including state officials (such as the National Governors Association, 41 state attorneys general, and the nation’s insurance commission-

ers), provider and physician organizations, consumer groups, small business associations and state and local chambers of commerce, labor organizations, civil rights groups, and local farm bureaus.

While it’s true that some employers would see reduced premiums, these savings would be achieved by dropping state-mandated benefits and targeting healthier populations. Although AHPs would not be permitted to “cherry pick” by denying coverage to a member or small-business employer or discriminate against individual workers, they could achieve a strikingly similar effect by structuring themselves to attract younger and healthier groups, resulting in higher premiums for most consumers and small businesses. AHPs could sell selectively to associations with higher percentages of “low-cost” members and, absent the need to comply with state marketing rules, selectively target healthy groups. Finally, because state benefit mandates would not apply to them, AHP would also be free not to cover benefits that attract those who need high-cost care, such as mental health care, cancer screenings, diabetes test strips, substance abuse services, and others.

Current state laws require health insurers to cover a number of crucial benefits, including prenatal and maternity services; mammography; cervical, prostate, and colorectal cancer screenings; diabetes supplies; mental health services; well-child care; and participation in clinical trials. AHPs could avoid these requirements. Similarly, AHPs would be exempt from state laws that guarantee access to advanced practice RNs, such as nurse midwives (in place in 30 states), nurse practitioners (in

place in 33 states), and nurse anesthetists (in place in 17 states).

States have also enacted a number of patient protections to ensure the fairness of health insurance coverage. Most states now require insurers to allow direct access to emergency services, the right to appeal to an independent panel when an insurer denies coverage for care, and access to an adequate network of health care providers. AHPs would be exempt from these requirements, leaving those they cover with inadequate protection against potential abuses. Because AHPs also would be exempt from most direct state oversight, consumers would be left with no meaningful avenues for assistance if they have a problem with their health plan.

Because of these and other serious concerns about solvency and regulation, the ANA continues to oppose AHPs. AHP legislation has passed the House several times in recent years but has never been taken up by the Senate. This session could be different. President Bush continues to support the legislation, and in April the Senate Committee on Health, Education, Labor, and Pensions held hearings on S 406, its version of the AHP bill. For updates on potential Senate consideration and to learn how your member of Congress voted on HR 525, visit www.anapoliticalpower.org. To learn more about AHPs, visit the Web site sponsored by the Protect your Health Care Coalition, of which the ANA is a member, at www.protectyourhealthcare.org.

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