

Association Health Plan 'Compromise' Moves Closer to Senate Vote

WASHINGTON March 03 (BestWire) — The chairman of a key U.S. Senate panel is pushing forward with his proposed "compromise" legislation on association health plans, scheduling a March 8 mark-up session to consider amendments and report the bill out of committee.

The Senate Health Education, Labor and Pensions Committee will take up the bill, sponsored by the committee's chairman, Sen. Michael B. Enzi, R-Wyo., who introduced the proposal in November as an alternative to association health plan legislation that has languished in the Senate.

Under terms of the bill, the Health Insurance Marketplace Modernization and Affordability Act, trade associations would pool their membership on a cross-state or national basis for the purposes of obtaining group health coverage. However, unlike the Small Business Health Fairness Act — which proposes having the U.S. Department of Labor regulate association plans — Enzi's bill would keep primary oversight and supervision of small-group plans at the state level.

To qualify under Enzi's proposal, an association would have to be in existence for at least three years; have been established for some purpose other than obtaining health coverage; could not condition membership in the association on the health status of a firm's employees; and would have to be governed by a board with complete fiscal control.

The Small Business Health Fairness Act passed the House by a 263-165 margin in July 2005, the eighth time that an AHP bill has cleared that chamber. A companion bill is sponsored in the Senate as S. 406 by Sen. Olympia Snowe, R-Maine, who chairs the Senate Committee on Small Business and Entrepreneurship.

Last month, Snowe and 11 other senators wrote to Sen. Bill Frist, R-Tenn., looking to enlist the Senate majority leader's help in getting a floor vote on their version of association plans as early as this month. Snowe's bill has drawn criticism from health insurers, which claim exemption from state benefit mandates would allow association plans to cherry-pick businesses and industries dominated by younger and healthier workers. State regulators, meanwhile, argue that association plans, like multiple-employer welfare arrangements before them, would be prone to fraud.

Although neither insurers nor regulators thus far have endorsed Enzi's bill, several have given the senator credit for holding extensive talks with groups such as the National Association of Insurance Commissioners, the National Federation of Independent Business, the Blue Cross Blue Shield Association and America's Health Insurance Plans, among other organizations — to discuss possible changes to the bill.

However, the National Conference of Insurance Legislators voted Feb. 24 to oppose the bill. Rep. Brian Kennedy of Rhode Island questioned why state lawmakers weren't consulted in the same way that insurance commissioners were.

"My colleagues within NCOIL and I are very concerned over the lack of state legislative representation on a major health insurance initiative being promoted within Congress with input from the NAIC," Kennedy said in a statement. "Legislators, and not the regulators, have a constituent base that would be directly effected by any federal health proposals."

Some in the small business community have resisted embracing some of Enzi's proposed compromises. These include removing the option for associations to self-insure, requiring instead that all plans be fully insured, as well as requiring plans to offer any benefit that currently is mandated in at least 45 states. But in general, the changes represent "reasonable compromises," said Sam Fleet, president and chief executive officer of wholesale broker National Employee Benefit Cos.

"You don't know until you see the final bill whether you're getting enough, but clearly something has to be done. We're seeing small businesses exit health benefits every day. They just can't afford it any longer," Fleet said. "To have the state oversight and regulatory authority over it makes sense, having commissioners be involved in the process. That was the one thing that was preventing everything else from being done."

Enzi said his goal is working to increase the ability of small businesses to offer health insurance for their employees while promoting reforms that would benefit all Americans who currently are unable to secure group health insurance.

The bill also proposes that model rules on rating promulgated by the 1992 NAIC Small Employer Health Insurance Availability Model Act.— currently in place in 24 states — be applied as the standard for any insurer operating in the small-group market in any state. Under the rule, premiums charged when a policy is issued can't vary by more than 25% from a base rate or by more than 15% upon renewal of the policy. The legislation proposes the rule be phased in gradually where a state's existing rating band differs significantly from the model.

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