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Protecting Small Business, Promoting Entrepreneurship

May 28, 2010

The Honorable Kathleen Sebelius  
Secretary  
Department of Health & Human Services  
Hubert Humphrey Building  
200 Independence Avenue, SW  
Washington, DC 20201  
Fax: 202-690-7203

The Honorable Hilda Solis  
Secretary  
Department of Labor  
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Washington, DC 20210  
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Dear Secretary Sebelius and Secretary Solis:

Later this year, 1.4 million Americans who have good health coverage through "Limited Medical Benefit" plans may lose such coverage under the Patient Protection & Affordable Care Act (PPACA). The annual dollar limit provisions of PPACA governing group plans take effect for plan years beginning September 23, 2010, which means that these critical health plans may cease to be an option unless an exception is made for such coverage.

On behalf of the Small Business & Entrepreneurship Council (SBE Council) and our members who utilize limited medical benefit plans for their employees, I am requesting that the Department of Health and Human Services (HHS) make an exception for these plans, or clarify the law with respect to their status leading up to 2014 when annual dollar limits are fully prohibited under the new health care law.

Small to mid-size employers use these affordable plans for full or part-time hourly employees, those who work on a seasonal basis or may be fulfilling a waiting period for an employer's regular health plan. While termed "limited," such benefit plans are coveted by those who use them because they affordably cover most medical issues. They serve an important purpose in the market, and without these plans many workers would not have access to health coverage.

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Removing the annual dollar limits from these plans will drive costs significantly higher for small to mid-size employers. And as you know, the high costs associated with more comprehensive plans have made, and continue to make, health coverage unaffordable for many employers. It would be ironic indeed if 1.4 million workers lose health insurance as a result of a law that was intended to provide coverage to more Americans. But that will be the unintended consequence of PPACA unless HHS makes an exception for these plans, or clarifies the law.

SBE Council kindly requests that HHS quickly act on this matter. Immediate guidance is needed so that employers can properly plan "next steps" for their employees. As you well know, small businesses continue to face high health coverage costs. They, along with many in the general public, remain unconvinced that the new health care law will preserve the coverage they now offer while providing more choices at affordable rates. Uncertainty regarding limited benefit plans, and more specifically how the PPACA threatens coverage for 1.4 million employees, only fuels skepticism and worry.

Please do not hesitate to contact my office if you have questions, or if SBE Council can provide further assistance. Thank you, in advance, for considering our concerns and request.

Sincerely,

  
Karen Kerrigan  
President & CEO