



March 6, 2018

Mr. Alexander Acosta
Secretary of Labor
U.S. Department of Labor
900 Constitution Avenue NW
Washington, D.C. 20210

Re: Comments on Association Health Plan Proposed Rules

Dear Secretary Acosta:

On behalf of our 3,000 members, the Manufacturer & Business Association (MBA) Board and staff strongly support the proposed regulations to broaden the scope of Association Health Plans (AHPs). The Department of Labor's effort will help to provide more affordable insurance options as health-care costs continue to rise while choices for coverage are steadily shrinking, especially for small businesses.

The MBA is an employers' association that has been serving our members since 1905. We have been assisting members with health insurance needs since the 1960s. In the past, trade associations were allowed to offer health insurance to its members and, because of the size of its buying group, could negotiate lower premiums. This helped our members offer quality health care to their employees and it benefited the Insurance Carriers as it spread out the risk. The Affordable Care Act, for the most part, did away with that option back in 2010 and required all employers who offer healthcare benefits to purchase the mandated bronze, silver or gold plans, which all offered the same coverages although with different deductibles and out-of-pocket limits.

We have seen rates skyrocket for all businesses with the most severe impact on small to mid-size companies. Companies with more than 50 employees have more negotiating power with the carriers. Small employers (who make up a majority of those employed in the United States) are paying a disproportionate amount with unaffordable increases. In addition, small one person companies, as well as two-person family run companies, are not able to participate in group insurance.

It has become unsustainable. These companies want to do the right thing by their employees and want to focus on growth. We feel that the ability to offer AHPs again to our members and allowing single employer coverage would go a long way. This will allow them to enjoy some of the cost relief that is only available to larger employers at this time.

Under the proposed AHP Rule, a person who qualifies as "working owners" will have dual status as both a member employer and a covered employee. This could include self-employed individuals, sole proprietors and partners in a partnership. This would allow them to participate in an AHP in the large group market. The large group market typically offers more flexibility in insurance plan design and improved negotiating power to bargain for lower premiums – benefits that are key to driving down health-care costs. The proposed rule also would protect consumers enrolling in these plans by prohibiting discrimination based on health status.

The Affordable Care Act's essential health coverages imposed on the insurance industry are part of the reason why rates have continued to increase over the past seven years. However, the law exempts larger organizations from offering these mandated benefits — such as mental health and pediatric services — if they meet certain requirements. The idea behind association health plans is to allow smaller companies band together to form a larger organization that can take advantage of some of these exemptions and, therefore, reduce their premiums. Supporters also believe by banding together, coverages would be less expensive because of the association's buying power, bargaining position, economies of scale and through lower administration costs.

The need for affordable health insurance options remains a top concern among small business owners. Allowing small businesses and "working owners" to participate in AHPs while removing unnecessary limits could expand access to more affordable health-care options for many more families.

I urge you to finalize the proposed rule with these comments in mind. Thank you for the opportunity to weigh in on this important issue.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Krahe". The signature is fluid and cursive, with a large initial "J" and "K".

John Krahe
President
Manufacturer and Business Association