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March 6, 2018

Preston Rutledge
Assistant Secretary of Labor
Employee Benefits Security Administration
Room N-5655
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

Submitted electronically via <http://www.regulations.gov>

RE: Definition of Employer Under Section 3(5) of ERISA-Association Health Plans – RIN 1210-AB85

Dear Mr. Rutledge:

On behalf of our 64-member hospitals and total membership of 100 hospitals and healthcare systems, we appreciate the opportunity to comment on the provisions defining “employer” for the sake of the Affordable Health Plan (AHP) classification in your proposed rule as published in the Friday, January 5, 2018 Federal Register.

While we understand the basic assumption of the rule would allow savings on the cost of employee health plans to small employers and self-insured individuals, we fear those participating in these plans may also see negative impacts on the care available to them under these policies. SCHA supports making access to affordable, high-quality coverage available to a very broad range of individuals. We are, however concerned AHPs will provide less comprehensive coverage to many individuals now receiving more robust coverage under their current employer sponsored plans. Similarly, we are also concerned about the potentially destabilizing impact that the proposed rule’s envisioned changes might have on the individual market, particularly in the context of the impending demise of the individual mandate. The expansion of the definition of the term “employer” is expected to increase the prevalence of AHPs that offer coverage failing to meet the standards of the Essential Health Benefits, as they are currently defined. In some cases, this may draw individuals – particularly those younger and healthier – out of the marketplaces and towards cheaper but substantially less comprehensive AHP plans. The proposed rule could therefore expose the exchange-based plans to similar adverse selection risks as employers’ plans would face. As most AHPs are expected to be high deductible plans, we are also concerned patients unable

to cover the cost of care due directly from them will opt not to receive the needed care or medications, which will surely have a negative health impact on these insured individuals and likely result in higher cost of care due to the lack of early intervention.

Because of the increased volume of coverage to plans under this proposed rule, most would be treated as large-employer plans, and thus would not be subject to many of the Affordable Care Act's (ACA) consumer protection and comprehensive coverage requirements that are so important for the protection of both the insured and the provider.

Again, we appreciate the opportunity to provide feedback on this proposal on behalf of our membership. Please feel free to contact Christian Soura at (803) 744-3521 or Barney Osborne at (803) 744-3544 if we can provide any further information.

Sincerely,

A handwritten signature in black ink, appearing to read "Christ Soura", with a stylized flourish at the end.

Christian Soura
Vice President, Policy and Finance