



March 6, 2018

Ms. Janet K. Song
Office of Regulations and Interpretations
Employee Benefits Security Administration
Room N-5655
U.S. Department of Labor
200 Constitution Avenue NW
Washington, D.C. 20210

Submitted Electronically via www.regulations.gov

RE: Definition of Employer—Small Business Health Plans RIN 1210-AB85

Dear Ms. Song:

On behalf of the Precision Machined Products Association, please accept these comments regarding the proposed regulation under Title 1 of the Employee Retirement Income Security Act (ERISA) that would broaden the criteria under ERISA section 3(5) for determining when employers may join together in an employer group or association that is treated as the “employer” sponsor of a single multiple-employer “employee welfare benefit plan” and “group health plan” as those terms are defined in Title 1 of ERISA. Our members have long supported efforts to allow associations to offer health care plans to their members in an effort to assist small businesses of a common industry to help lower their costs and increase their coverage options. In fact, as discussed in further detail below, an initial recent survey of our members shows nearly 40 percent of respondents would join an industry-sponsored Association Health Plan (AHP) if available across state lines.

The Precision Machined Products Association (PMPA) is a national trade association representing over 440 member companies involved in the production of highly engineered, precision machined components used in advanced automotive, aerospace, electrical, construction, and medical technologies. PMPA’s members include metal producers, machining and manufacturing companies, machine tool builders, and producers of tooling, software and accessories, and metalworking fluids. The precision machining industry is best described by NAICS code 332721, and accounts for over 99,400 jobs with payrolls of \$5.1 billion and shipments of over \$18.4 billion. PMPA members typically average 35-50 employees per shop with annual sales of \$12 million. The mission of the PMPA is to provide the information, resources and networking opportunities to advance and sustain its members while advocating for manufacturing throughout the United States.

Concerning the proposed rule, PMPA supports a uniform rule addressing fifty inconsistent state regulations currently impeding the ability of Association Health Plans (AHPs) to cross state lines. This includes expanding the definition of “employer” and the “commonality of interest” test, making AHPs a more viable option. PMPA believes in an all of the above approach where more flexibility and options available to employers means lower risk and increased affordability. PMPA has long joined with other small business groups in support of AHPs and believes the administration has a unique opportunity to provide some relief through this proposed rule.

PMPA conducted a survey in March 2018 of our members regarding health care costs. Respondents averaged 52 full time employees and over 90 percent of these businesses reported an increase in their health care premiums this year when compared to the previous year. Of these respondents, 38% of members saw their health care premiums increase by 11-20% and nearly 10% experienced increases by more than 30%.

As previously stated, this initial 24-hour flash survey conducted on March 5, 2018 showed 37.74% of respondents “would participate in an industry-sponsored Association Health Plan (AHP) offered across state lines for PMPA members.” Even without any further description or detail on specific plans, this initial reaction among these small businesses demonstrates a clear interest among employers to join AHPs. These plans will allow our members another option to combat increasing costs by joining together and creating economies of scale similar to that of large employers and unions. This would provide our members with better bargaining power, especially for the nearly one in five of our members who report they have no more than two options of health insurance providers in their region.

On behalf of the precision machining industry and small manufacturers across the country, thank you for your consideration of these views and we welcome the opportunity to answer any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read "Miles Free", written in a cursive style.

Miles Free
Director, Industry Research and Technology
PMPA