

Maine, Mass. Senators at odds over association plans

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WASHINGTON — The Bush administration completed its rollout of a proposal to let small businesses buy into group health insurance plans anywhere in the country recently with legislation introduced by Sen. Olympia Snowe, R-Maine.

President Bush says his plan would help extend coverage to the 41 million Americans who lack health insurance. Of that number, six of every 10 work for small businesses or are self-employed, according to Labor Department figures.

"This is the No. 1 issue affecting small businesses across America, bar none," said Snowe, the new chairwoman of the Senate Small Business Committee.

Snowe introduced the idea as legislation in the Senate, then joined Labor Secretary Elaine Chao at a news conference. Chao has spent the past month promoting the plan.

"Association health plans allow small business to pool their buying power and spread the risk, putting them on equal footing with large employers and unions," Chao said.

The Senate has become a burial ground for similar proposals. But this year, supporters have the White House on their side as well as freshman Republican Sen. Jim Talent, who helped pass the legislation in the House.

Also on board is Republican Sen. Kit Bond, who opposed the idea as chairman of the Senate Small Business Committee, then embraced it last year. A former governor, Bond had worried that the national health plans would preempt patient protections in dozens of states. Today, he says those worries are dwarfed by the soaring cost of health insurance.

But the opposition has not gone away either.

In the Senate, Massachusetts Democrat John Kerry is helping to lead the opposition. Kerry, who is running for president, is the ranking Democrat on the Senate Small Business Committee.

Foes argue that under federal — rather than state — oversight, insurers offering the small business pools would "cherry-pick" younger, healthier workers, driving up costs for sicker workers. They say Chao's Labor Department doesn't have the resources or expertise to regulate the plans to guard against fraud.

However, Snowe pointed out the Department of Labor currently regulates more than 275,000 federally regulated health insurance plans that affect more than 72 million workers.

"They have an outstanding, excellent track record of more than 30 years of being able to monitor such plans," said Snow who is chairwoman of the Senate small business committee.

The nation's governors and other foes have also been stepping up their opposition. The National Governors Association notified lawmakers on of their opposition.

"Exempting entities from state oversight would subject employers and consumers to increased fraud and plan failures," NGA executive director Raymond C. Scheppach wrote the chairman and ranking Democrat on the House Small Business Committee.

Snowe, Talent and Bond introduced the measure with support from Republican Sens. John McCain of Arizona, Elizabeth Dole of North Carolina, Kay Bailey Hutchison of Texas and Norm Coleman of Minnesota.

The head of the Small Business Administration, Hector Barreto, said the price of health care is the fastest-growing cost for small businesses. Barreto grew up in Kansas City, Mo., where his family ran restaurants.

"I was born into a small business family. I started my own small business," Barreto said. "I can tell you, this is an issue that challenges small businesses every single day."

Under the Bush plan, restaurant owners could buy insurance through their trade association, the National Restaurant Association. Restaurant owners are among dozens of groups supporting the measure; backers range from air conditioning contractors to veterinarians to farmers to small newspaper owners. □