

'Mr. X' Tells Why AHP Legislation is Vital

By Dick Goff

For more than 12 years SIIA has been campaigning for federal association health plans (AHP) legislation that would enable smaller businesses to enjoy the same economic advantages of large self-insured corporate employee health plans. That campaign will undoubtedly continue in the next session of Congress.

Self-insured AHPs would open up a new world of possibilities for the ART industry, and help to reduce the number of 44 million Americans who do not have health insurance.

For all the years of the AHP campaign, a theoretical "promised land" has been described where members of a trade or professional association could join an employee benefit plan that would be licensed in one state and serve members in any other state.

Those descriptions had to be theoretical because no such plan existed under the current system of licensing every plan in every state.

Well guess what: I found one. I found a living, breathing multi-state association health plan that proves that the vision of AHPs is absolutely correct.

To bring the experience of this plan to ART Gallery readers, I went to interview its sponsor. The only problem was that the sponsor of the plan could not be identified. That's not because the plan is operating in technical noncompliance, but the regulators in states where it operates are allowing the plan to continue because it provides important coverage to those states' residents.

Please say hello to "Mr. X" who operates an association health plan in the states of (mumble, mumble and mumble). The plan serves members of a specific industry in contiguous states in one region of the country. If you figure out its identity from those clues, please don't raise your hand.

“Mr. X” understandably didn’t wish to discuss specifics of his plan for publication, but his feelings about the need for association health plans legislation as a federally-established “level playing field” for small businesses are passionately held and articulately expressed.

Dick: Why does small business need association health plans?

Mr. X: Small businesses need AHP legislation for the same reasons that corporations need ERISA protection for self-insured benefit plans or that unions need Taft-Hartley protection for their benefit plans. AHPs would extend those kinds of protection to small businesses that today are at the mercy of an unmerciful commercial market. Small business is looking for what unions or corporations have: the ability to self-insure across state lines.

Dick: Do AHPs represent the last, best hope for small businesses?

Mr. X: In my opinion, yes. The traditional health insurers have followed two business trends that endanger small businesses. First, they are consolidating to the point of near monopolistic dominance of the market. Second, they are transforming nonprofit insurers that previously were responsible to each state’s citizens into for-profit companies that now are responsible primarily to their shareholders. Maximized profits mean an ever-higher spiraling of costs, fewer choices and expensively bundled services for their business customers.

Dick: As you know, this year the Senate considered association health plans without self-insurance before its bill failed.

Mr. X: That would have been a true victory for traditional commercial health insurers. An AHP law without self-funding would be a complete loss for alternative risk transfer. Without the opportunity for self-funding, an association would be forced to negotiate with the same traditional health insurers as they now do. The only economic benefits would flow to the insurers

who would be free to market the same plan in various states.

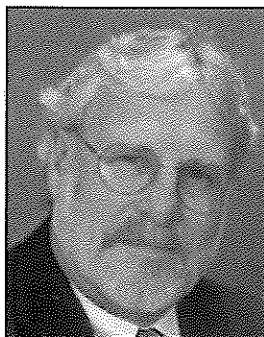
Dick: AHP supporters will be looking forward to the next session of Congress to once again try to overcome partisan politics and the power of big special interests to finally pass legislation. It’s probably not too early for SIIA members to pick up their phones and insist to their representatives that an AHP bill is still needed.

Mr. X: If the self-insurance industry doesn’t wake up quickly and take concerted action, it will be too late. Congress would hear the voices of employers expressing their support for self-insured AHPs, even despite the high power lobbying of the traditional insurers.

Dick: So, members of the self-insurance industry should rally their employer clients to demand that AHP legislation with self-insurance is on the next Congressional agenda.

Mr. X: That’s exactly how this fight can be won.

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