

To: Senate Committee on Financial Institutions and Insurance

From: Mark Dugan, Opportunity Solutions Project

Date: January 28, 2019

Subject: Support for Association Health Plans and Short Term Health Plans Legislation
Contained in SB 29, SB 30, SB 31, SB 33, SB 34, SB 35, SB 36

It seems that no matter where many of you go— many of you hear the same concerns about health care. Many Kansans are struggling to afford health insurance coverage. And while big businesses and governments have the flexibility to deal with skyrocketing costs, small business owners and the self-employed are the most negatively affected by the changes.

Think of all the people you talk to back in your district who are affected by this crisis. If you can think of some examples, you aren't alone: there are just under 60,000 companies in Kansas with less than 100 employees. They need help, and we all share a desire to see these families get the coverage they need at a price they can afford. And we all want to see small businesses grow and hire Kansans to do great work.

But we know that this dream seems unattainable to many people. Health insurance costs are hurting our small businesses and the self-employed. These hard-working folks are being penalized with burdensome regulations—only because they're small, Main Street businesses. With many of these business owners and their workers forced into the individual market, they face steep annual increases.

On the exchange in Kansas, families are simply being priced out of the market. But here's the good news: a very simple reform could help Kansans get quality insurance they can afford.

Association health plans take advantage of new federal rules by eliminating regulations that discriminate against small employers. States can now allow small businesses to band together with other businesses—large and small—in associations which purchase insurance with the bargaining power of a big company. This reform helps these smaller companies and self-employed people. State leaders need to take three simple steps to make this a reality, they can be summed up in three words: **create, eliminate, and protect.**

So, imagine a small family owned business. First, AHP reform could remove rules that prohibit the mere *creation* of new kinds of association health plans in the state, which would give the business owner the ability to provide affordable insurance for his workers.

Then, it would *eliminate* rules that ban owners from joining these plans. The business owner and his family could purchase insurance through an association.

And finally, it *protects* the folks who buy these plans with strong financial safeguards. The business owner and his family would be protected with the same defenses in place right now for

big companies. This reform could do the same thing for all kinds of businesses across the state. Hardware stores, home-based businesses, restaurants, relators, and small businesses of all kinds.

Create. Eliminate. Protect.

With these three steps, families could save up to \$10,000 per year in reduced premium costs and married couples who run a business together would finally be able to join other business owners to purchase affordable, high-quality health insurance at the same price as large employers.¹

This could help reverse the trend of smaller companies dropping coverage for their employees all together, which has led many people to enroll in taxpayer-funded coverage, at great cost to taxpayers. These new options also can be an option for the currently uninsured that have been priced out of the market.

This is an opportunity. It's a chance for you all to help your constituents with one of their biggest – and most challenging – problems. A problem that I know is important to all of you.

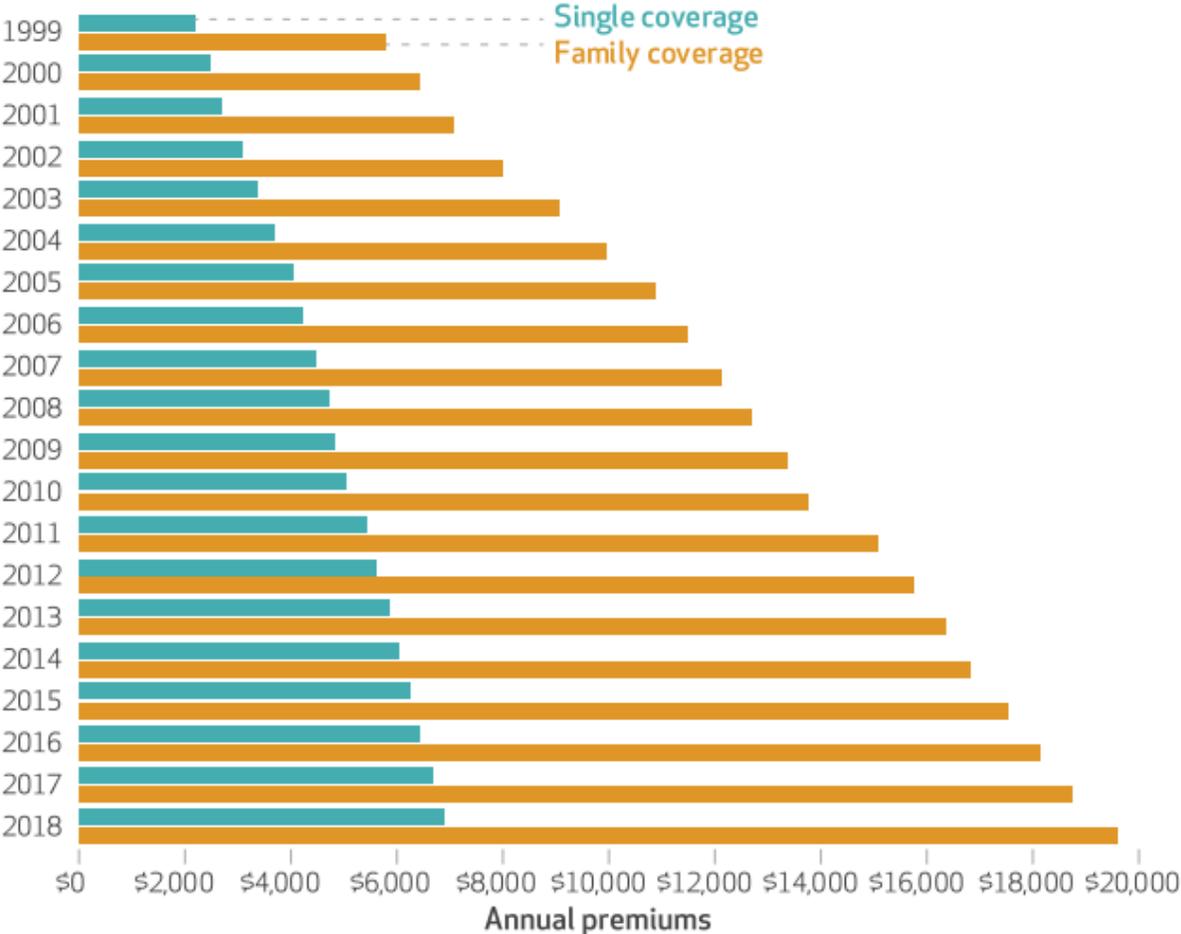
And voters are with you: of them support this commonsense reform to save families thousands of dollars and allow small businesses to continue to grow.²

Thank you for your commitment to making health insurance affordable for small employers in Kansas.

¹ These numbers come from Avalere, a 20-year-old health care firm out of D.C. The \$10,000 in savings is the projected difference between average AHP premiums and average individual market premiums. For more, see: <http://avalere.com/expertise/managed-care/insights/association-health-plans-projected-to-enroll-3.2m-individuals>

² The 82% support AHPs statistic comes from a national survey done by FGA of more than 500 likely voters in September 2018. The full results are here: <https://thefga.org/poll/voters-support-association-health-plans-for-small-business/>

Average annual premiums for single and family coverage, 1999–2018



November 2018 37:11 Health Affairs, data from KFF and HRET's Employer Health Benefits Survey, 1999–2017