



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

June 19, 2003  
(House)

## STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

### **H.R. 660 - Small Business Health Fairness Act of 2003**

(Rep. Fletcher (R) KY and 158 cosponsors)

The Administration supports House passage of H.R. 660, which would improve access to affordable, quality health insurance for millions of American workers and their families. The bill is an important step in helping the uninsured by giving small businesses many of the economic and legal advantages enjoyed by large employers and union plans in purchasing health care coverage for their employees.

Workers in small businesses are facing a crisis in health care. Today, 85 percent of the 41 million uninsured Americans are members of working families. Employees of small businesses are half as likely as employees of larger firms to receive insurance through their employers, and the cost of that coverage is often 20 to 30 percent higher. Additionally, insurance costs are rising much more rapidly for small businesses than for larger firms.

Addressing this issue is a priority for the President, and the Administration is pleased that the Congress shares its goal of reducing the number of uninsured. By allowing small businesses to band together through trade and professional associations to purchase health benefits at reasonable rates, Association Health Plans will provide these firms greater bargaining power, economies of scale, and administrative efficiencies. In this way, Association Health Plans present an ideal opportunity to expand access to affordable health insurance coverage for working Americans.

The Administration is especially pleased with provisions in H.R. 660 that safeguard consumer interests. Only *bona fide* trade or professional associations that have existed for at least three years, and for purposes other than providing health coverage, can form an Association Health Plan under this bill. The bill also requires that coverage options must be offered to all members of the trade or professional association, and the Association Health Plan must follow the requirements of the Health Insurance Portability and Accountability Act. The bill prohibits setting prices based on the health status of workers, to the extent already prohibited under State laws, and no eligible individual worker may be denied participation in the Association Health Plan selected by the employer. All Association Health Plans must also operate under applicable State solvency laws or new, stringent Federal solvency standards. The effect of these provisions is to allow small businesses greater opportunities and more choices of quality health coverage for their employees.

The Administration looks forward to continuing to work with the Congress to improve access to health care and reduce the nation's uninsured. American workers and their families deserve expanded opportunities for quality health care. However, we would oppose amendments that weaken the bill or impede small business' ability to form association health plans in a responsible and workable manner.

Pay-As-You-Go Scoring

The Budget Enforcement Act's pay-as-you-go requirements and discretionary spending caps expired on September 30, 2002. The Administration supports the extension of these budget enforcement mechanisms in a manner that ensures fiscal discipline and is consistent with the President's budget. OMB's cost estimate currently is under development.

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