

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

R. BRUCE JOSTEN
EXECUTIVE VICE PRESIDENT
GOVERNMENT AFFAIRS

1615 H STREET, N.W.
WASHINGTON, D.C. 20062-2000
202/463-5310

April 21, 2015

Dear Representatives Guthrie, Cárdenas, Mullin and Sinema,

The U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations, and dedicated to promoting, protecting, and defending America's free enterprise system, thanks you for introducing H.R. 1624, the "Protecting Affordable Coverage for Employees Act." This legislation would allow states to maintain the current definition of small group market as the relevant insurance market for groups with 50 workers and below. Notably, it would protect small to mid-sized businesses from the significant rate shock that will accompany an expansion of the small group market to include groups with up to 100 employees.

If the small group market expands as current law proposes to include all groups with up to 100 employees, premiums will increase for those employer groups between 51 and 100 workers, making the small group market less stable. This expansion will be subjecting the smallest of the large applicable employers (those between 51-100) required to provide health coverage to all full-time employees to new benefit mandates and rating rules. Additionally, this small group market expansion bifurcates the employer community that is subject to the employer mandate; some "applicable large employers" between 51-100 will be required to provide coverage in the small group market and other "applicable large employers" will be required to provide coverage in the large group market where greater flexibility in rate setting and benefits exists. The change, which is scheduled to begin on January 1, 2016, will also reduce choice since national insurers are only in a portion of small group markets due to a variety of requirements for entry.

Changing the Affordable Care Act (ACA) mandated small group expansion and returning flexibility to the states, to either maintain the existing small group market definition or expand the group size depending on state conditions, is in the best interest of both employers and employees. With this flexibility, states would be able to protect the ability of employers to select from a broad array of coverage options and mitigate the potential for dramatic premium increases. Historically, regulation of the small group health insurance markets has been done at the state level by the state insurance commissioners. Even post-ACA, almost all states elected when they could to keep the small group market defined as serving groups 50 and under. By allowing states to maintain the existing small group market size, this legislation would mitigate premium increases and allow employees to keep their existing plans.

The Chamber thanks you for your leadership in introducing H.R. 1624 and believes this is an important and commonsense approach to protecting small and mid-sized businesses. We look forward to working with you and your colleagues as we find other solutions that improve access to affordable health care coverage and services for both employers and their employees.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Bruce Josten". The signature is fluid and cursive, with the first name "R." being a simple flourish, "Bruce" written in a clear cursive, and "Josten" written in a more complex cursive style.

R. Bruce Josten