

May 20, 2015

Dear Senators Scott, Shaheen and Bennet:

The undersigned organizations represent the interests of millions of businesses of every size, sector, and region. As employer organizations, we applaud your introduction of legislation (S. 1099) maintaining the current definition of a small group market as 1-50 employees, and giving states the flexibility to expand the group size if the market conditions in their state necessitate the change. It is in the best interest of employers and their employees that states determine the definition of their small group market. Repealing the ACA-mandated expansion and returning to the historical role of state determination would allow flexibility and ensure a broad array of coverage options and mitigate dramatic premium increases.

Expanding the small group market to include groups up to 100 at this time would reduce choice for this segment of the market. While national insurers are in virtually every state's large group market, they are only in a portion of the small group markets – which have numerous administrative requirements for entry. Additionally, any carrier that leaves a market faces a five-year moratorium to reenter the state, further eroding competition. As a result, many groups size 51-100 will find that they cannot keep the insurer they currently have once they are required to buy coverage in the small group market. Your legislation will help these small businesses keep their plans.

Further, expanding the small group market to include all groups with up to 100 employees would have an immediate impact on premiums due to new rating rules, required Essential Health Benefits, and minimum actuarial value and cost sharing requirements. As rates increase, more mid-sized groups may drop coverage or self-insure, resulting in additional rate increases for the small group market – including for those employers with less than 50 employees. Your legislation allowing states to maintain the existing small group market size will mitigate premium increases and allow employees to keep their existing plans.

We thank you for your leadership on this issue. We urge you to continue to work toward its swift passage to give states the flexibility to help protect small employers and their employees.

Sincerely,

American Hotel & Lodging Association
American Rental Association
American Supply Association
Associated Builders and Contractors, Inc.
Auto Care Association
Council for Affordable Health Coverage
Healthcare Leadership Council
International Franchise Association
National Association of Health Underwriters
National Association of Home Builders

National Association of Manufacturers
National Association of Wholesaler-Distributors
National Club Association
National Federation of Independent Business
National Restaurant Association
National Retail Federation
Society of American Florists
Society for Human Resource Management
U.S. Chamber of Commerce