



Legislative Briefing



Association Health Care Legislation Will Reduce Costs and Expand Coverage for Small Businesses

Issue: Two pending bills (S. 1955 and H.R. 525) would stabilize tens of millions of jobs throughout the United States by allowing small businesses to form multi-state, multi-service Association Health Plans. (The House passed H.R. 525 by a vote of 263 to 165 last summer).

Why Small and Medium-Sized Aerospace Businesses Believe That Sec. 1212 Will Restrict Market Access

During the last several years, thousands of small businesses have experienced health care premium increases of between 15 and 30 percent, a significant burden since this sector of the economy accounts for approximately one-half of the nation's uninsured workers. Factors such as administrative overhead and underwriting expenses also consume up to one-third of small business health care costs in contrast to an average level of eight percent for larger employers.

The Association Health Plans envisioned by S. 1955 and H.R. 525, however, would finally permit small businesses to become competitive in the medical marketplace by offering the advantage of access to affordable packages that include a variety of services. Small businesses would improve their negotiating position with health care providers, capture high-volume discounts, and share processing costs across a nationwide base of participants.

Ultimately, the market-based solutions of the two bills would relieve small businesses from the grim choice of canceling employee health care coverage or operating at consistent annual losses.

Action Requested: AIA and the Suppliers Management Council respectfully urge Congress to pass a consensus health care reform legislation based on the provisions of S. 1955 and H.R. 525 before the end of 2006.