

**Senator Olympia J. Snowe**  
**Floor Statement**  
***Small Business Health Plans: A Critical Solution to America's***  
***Health Insurance Crisis***  
**May 9, 2006**

**Mr. President, today I rise to address the national small business health insurance crisis. As Chair of the Senate Small Business Committee, I know *firsthand* that this crisis is real and is an undue burden on entrepreneurs throughout America that did *not* appear overnight. But now, a solution *is* at hand – if we are all willing to forge the consensus necessary to make it *happen*.**

**And that's all the more vital when you consider that, today, nearly 46 million Americans are uninsured. That's an increase of more than 4 million people since 2001. And according to the Employee Benefit Research Institute, of the working uninsured, who make up 83 percent of our nation's uninsured population, 60.6 percent either work for a small business with fewer than 100 employees or are self-employed. So there should be *no question* that the time has *long since come* to pass sensible legislation that will, *at once*, assist our small businesses in accessing affordable health insurance for employees while ensuring more of those employees can *have* health insurance.**

**Yet for the past decade – as health insurance premiums have exploded at double digit percentage levels and far outpaced inflation and wage gains – Congress has failed to act. Even when study after study confirms beyond a doubt that fewer and fewer small businesses are able to offer health insurance to their employees, little has been done to alleviate the problem. Quite simply, that is an *outrageous* abrogation of responsibility.**

**As Chair of the Senate Committee on Small Business and Entrepreneurship, I have held two hearings to listen to small business owners who consistently ask for relief and introduced the Small Business Health**

**Fairness Act, a bill that would allow Association Health Plans, also known as Small Business Health Plans (SBHPs), to offer uniform health plans across state lines, at significantly lower costs.**

**For the first time ever, the full Senate is considering Small Business Health Plan (SBHP) legislation. I applaud the Majority Leader for making SBHP legislation a key component of this “Health Week”. I also thank my Senators Bond and Talent for their leadership on this issue over the years and especially Senator Byrd for reaching across the isle and cosponsoring my original bill and helping to move the issue to this pivotal point today. I have been pleased to work with Senator Kerry, the Ranking Member on the Small Business Committee, on a compromise proposal that combines SBHPs with new ideas to create larger health insurance pools for all small businesses.**

**I also want to applaud Senator Enzi’s work and commitment in moving SBHP legislation through the Health Education Labor and Pensions Committee. We’re further along in the SBHP debate than ever before. But this week isn’t just about engaging in a heated, partisan debate to create issues for the upcoming election. We need to take action to provide *solutions* to small businesses and America’s uninsured, with much-needed *relief*.**

**With regard to the underlying bill, there are a couple aspects that I find concerning and need to be addressed to increase the chance for passage. My bill, the Small Business Health Fairness Act, included a limited, targeted preemption of benefit mandates for SBHPs. The bill that we are considering on the Senate floor this week goes much further. It would preempt benefit mandates not just for Small Business Health Plans – but also in the individual, small group, and large group insurance markets.**

**In response, I intend to offer several amendments this week that would limit the scope of benefit mandate preemption under the bill and require that**

health plans include the most widely accepted mandated benefits. This, I believe, would *also* create bipartisan support to secure passage of this bill.

Access to affordable, quality health insurance is an issue that must *transcend* party politics and we must reach across the political aisle to come to a reasonable, compromise SBHP legislation that President Bush can sign into law. My amendments would help the Senate to achieve what it has failed to do for the past decade – *pass a Small Business Health Plan bill*.

I am also concerned that a national rating standard would preempt the state's rights to regulate insurance within their borders. Under my SBHP bill, the state insurance commissioners would rate insurance products sold in their states. Many states, such as my home state of Maine, have opted to rate insurance products based on the most recent community rating standard put out by the National Association of Insurance Commissioners. Competition must be injected into dysfunctional state insurance markets, without micro-managing the way states choose to regulate insurance rating.

As Chair of the Small Business Committee, I have long championed SBHP legislation. My bill, the Small Business Health Fairness Act, would allow SBHPs to provide their employees with uniform, quality health insurance at affordable costs. SBHPs would bring fairness to employer health coverage by allowing participating small businesses to pool together to leverage their purchasing power in order to purchase health insurance at lower costs – the same advantage currently enjoyed by Fortune 500 companies and unions. SBHPs represent a fair, fiscally sound, and *tested* approach to reducing the ranks of the uninsured in this country at *nominal cost* to the Federal government.

If we enact SBHPs, associations will be able to design affordable plans to meet the needs of their members and their employees. Administering one

**national plan will further reduce the administrative costs instead of trying to administer a plan subject to the mandates of each and every state. This would be similar to the plans offered by larger employers.**

**Clearly, there is a crisis that will only deepen if Congress does not act. The rising cost of health care is the number one issue facing small businesses.**

**First, our nation's smallest businesses – the “micro” businesses – are the ones least likely to offer health insurance as a workplace benefit. As this chart shows, according to the Kaiser Family Foundation's *Employer Health Benefits 2005 Annual Survey*: only 47 percent of the smallest businesses, those with 3 to 9 workers, now offer health insurance as a workplace benefit. This is down from 52 percent in 2004, and 58 percent in 2002. In sharp contrast, 98 percent of larger businesses, those with 200 or more workers, offer health insurance as a benefit. Clearly, for small businesses, things are trending in the wrong direction.**

**If these disturbing numbers are not enough to convince Members of Congress that small businesses are suffering, I hope they consider Mainer Trisha Frost. Ms. Frost owns Frost Cedar Products in Embden, Maine.**

**QUOTE:**

**“We currently do not have health care coverage available for our employees. We were paying 100% of the single insurance plans and the ones with families were paying that cost until there was more than a 50% increase in the cost of coverage. After the increase, most employees had to seek their own insurance elsewhere. Right now we are paying a little over \$1,000 a month for 3 people and have terrible coverage. We have tried to purchase insurance from other companies but there are just no affordable options for a small sawmill in Maine.”**

**END QUOTE.**

**Mr. President, I *never* want to be on this floor again and say there are**

**“no affordable options for a small sawmill in Maine.”**

**SBHP legislation will help Trisha Frost and millions of small business owners by increasing competition in state small group health insurance markets. Plain and simple, there is no competition among insurers in the small group markets, with coverage and affordability the real problems. A Government Accountability Office (GAO) survey I recently requested, along with Senators Bond and Talent, reported a frightening consolidation of control over state insurance markets. As this chart shows, Blue Cross and Blue Shield carriers now control 44 percent of the small group markets (up from 34 percent in 2002). The five largest carriers now have more than a 75 percent market share in 26 states (up from 19 in 2002) and more than 90 percent market share in 12 states (as opposed to 7 in 2002).**

**And in my home state of Maine, Anthem Blue Cross now controls 63 percent of the small group market (up from 37 percent in 2002), and the five largest carriers put together dominate 98 percent of the market. The fact is, small group markets have no real competition...no competition means higher costs...and higher costs mean *no health insurance*.**

**Mr. President, if this trend continues Americans will be confronted by a monopoly in the health insurance market, which means Americans will have the same choice *today* for health insurance as they did *phone service offered in the 1970s, when there was only one choice*. How is that good for small businesses, job creation and, most importantly, the health and well-being of the American people? It is *not* good – not by a *longshot*.**

**SBHP legislation would inject much-needed competition into stagnant, dysfunctional small group insurance markets. They also provide more options for small businesses when it comes to providing quality, affordable health insurance for their employees. To opponents of this approach I ask: *What’s wrong with competition? What’s wrong with giving small businesses more choices when it comes to purchasing health insurance?***

**Opponents of competition have engaged in a pattern of myths, distortions, and outright falsehoods in claiming that SBHPs would lead to “cherry picking” of only the young and healthy. SBHP legislation *specifically* requires that association plans must be open to all members. Let me repeat: SBHP legislation *specifically* requires that association plans must be open to all members. Associations can’t condition membership on health status.**

**Opponents have also mistakenly claimed that SBHP legislation will offer inadequate benefits to small businesses. At hearings held on this issue, well-qualified witnesses have testified to the generosity of association-based plans, which thrived before a rise over the past 20 years in mandated benefits at the state level. Excessive benefit mandates have added significantly to complexity in the health insurance marketplace, making uniform health plans impossible across states and regions. According to the CATO Institute, in 1991 there were approximately 850 mandates across the states. In 2006, there are over 1,800 benefit mandates across the states.**

**For example, Joe Rossmann, Vice President of Benefits at the Associated Builders and Contractors (ABC), testified at a recent Finance Committee Hearing: “Non-profit trade associations exist to serve their members. If they attempt to not offer attractive benefit options, their mission is fundamentally compromised and they will not be competitive in the marketplace.” Mr. Rossmann has testified repeatedly that ABC’s association-based plan offered comprehensive benefits for over 48 years.**

**Opponents also mistakenly say that SBHPs will not offer savings. In reality, a 2006 Mercer study concluded that SBHPs will provide a 12 percent overall cost savings for small businesses, while *covering 1 million currently uninsured Americans*. Other studies have estimated that SBHPs would make health insurance more affordable for small businesses through reduced premiums, of between 13 on average and up to 25 percent, and up to 8.5 individuals would receive health insurance through SBHPs.**

**Also, the Congressional Budget Office last week provided an updated score of SBHP legislation. The CBO estimated that SBHP legislation would *increase federal revenues* by \$1 billion over a five year period and \$3.3 billion over a ten years. SBHP legislation would also *reduce direct Federal spending* on Medicaid by \$790 million over ten years because some people who would receive coverage under SBHPs are presently covered by Medicaid. So this SBHP legislation would both significantly reduce the number of uninsured in this country while actually saving the taxpayer dollar.**

**SBHPs are enormously popular and have the strong support of a coalition of over 12 million employers and 80 million employees. A recent study put out by the National Association of Realtors concluded that an overwhelming majority of voters – 89 percent, including 93 percent of Republicans and 86 percent of Democrats – favor legislation that would allow small businesses to pool together to negotiate lower health insurance costs.**

**Mr. President, I strongly believe that SBHPs are an idea whose time has come. This issue is finally before us. I look forward to a vigorous debate on the Senate floor in the coming days, and to working with my colleagues on both sides of the aisle to fashion a bipartisan solution to this crisis. Let me be clear, this isn't perfect legislation. We need to address certain issues – in particular, the scope of mandate preemption and insurance rating – and I am ready to work with my colleagues to address their concerns to make this bill a vehicle that can move through the Senate.**

**Mr. President, the time for talking has long since passed. No more excuses, no more laments, no more complaining, no more describing a problem and doing nothing about it. I think we all can agree that we must provide small businesses in Maine, Missouri, and Wyoming– and in every state across our great land – with access to quality, affordable health insurance. Thank you, Mr. President. I yield the floor.**