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**ASSOCIATION HEALTH PLANS ARE THE WRONG MEDICINE FOR  
SMALL BUSINESSES AND DO NOT HELP THE UNINSURED**

Washington, D.C. –The proposal of President Bush and Congressional Republicans to create association health plans (AHPs) would do little to reduce the number of Americans without health insurance, would provide only modest cost savings to businesses joining the plans, and would increase costs for businesses that do not participate, according to a new report by the **Joint Economic Committee Democrats**.

“The Republican plan for AHPs will not reduce the number of uninsured Americans or relieve the health care burdens of small businesses in a meaningful way,” said **Sen. Jack Reed** (D-RI), Ranking Democrat on the Joint Economic Committee (JEC). “Small businesses that don’t join AHPs would likely face higher premiums, and consumer protections would be undermined. It’s hard to see why the President and Congressional Republicans are supporting a plan that weakens rather than strengthens our health care system.

The JEC Democrats’ report, *Association Health Plans: The Wrong Medicine for Small Businesses’ Health Insurance Ills and No Help for the Uninsured*, finds the following:

- **Cost savings for small businesses that find it advantageous to join an AHP would be largely offset by higher health insurance costs for small businesses with older or less healthy workers that stay in the state-regulated market.**
- **In the current AHP proposal, participating companies are exempt from state regulations and mandates that provide valued consumer protections, such as state patients’ bill of rights laws and guarantees of mental health parity.**
- **Without adequate solvency requirements, creating AHPs would risk leaving employers and employees without coverage.** State insurance departments often have a substantial staff to deal with consumer requirements and solvency issues. However, under the proposed AHP plan the U.S. Department of Labor would oversee such issues for many plans, and it is unclear if the department possesses adequate staff to regulate the large number of plans that could emerge.

The small businesses most likely to join AHPs are ones that already offer their employees insurance. Therefore, the AHP proposal does little to make health care more accessible to small businesses of modest means or curb the overall number of uninsured Americans, the report concludes.

*The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.*

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