



February 7, 2017

The Honorable Steve Chabot
Chairman
Committee on Small Business
United States House of Representatives

Dear Chairman Chabot:

Thank you for your efforts to make healthcare accessible and affordable for America's small businesses. As the Committee prepares to hold a hearing on the healthcare marketplace, the Healthcare Leadership Council (HLC) welcomes the opportunity to share our thoughts on this important issue.

HLC is a coalition of chief executives from all disciplines within American healthcare. It is the exclusive forum for the nation's healthcare leaders to jointly develop policies, plans, and programs to achieve their vision of a 21st century health system that makes affordable, high quality care accessible to all Americans. Members of HLC—hospitals, academic health centers, health plans, pharmaceutical companies, medical device manufacturers, biotech firms, health product distributors, pharmacies, post-acute care providers, and information technology companies—are committed to advancing a patient centered healthcare system that values innovation, accessibility, and affordability.

HLC believes that the post-Affordable Care Act (ACA) insurance structure must bolster the stability of the marketplace, encourage greater competition, and give all Americans enhanced choice and flexibility in their coverage. This is especially important for small business owners and employees, who contribute greatly to our nation's economy but face high healthcare costs.

Due to the current loopholes with the individual mandate, including the large number of Special Enrollment Periods (SEPs) and the three-month grace period for nonpayment of premiums, HLC believes that this mandate does not serve the purpose of ensuring that all consumers have continuous coverage and that the coverage is affordable. To address these issues, the number of SEPs should be reduced to align with the large employer insurance market and pre-enrollment verification should be required. In addition, the length of the grace period should align with state law and consumers should be required to pay their outstanding premiums before re-enrolling in coverage.

If the post-ACA insurance structure does not include an individual mandate, then there needs to be continuous coverage requirements and/or other critical safeguards against adverse selection. For individuals who have not had continuous coverage, insurers

should be able to charge them somewhat higher premiums, limit their benefit options, or defer them to a federally funded high risk system in order to keep costs affordable.

A permanent high risk pool for the continuously covered with a serious health condition should also be in place and should receive broad-based and stable funding. In addition, risk adjustment mechanisms to account for higher cost enrollees should be improved. These mechanisms would be especially helpful to small businesses where even one employee facing a serious illness or injury can raise costs significantly for everyone.

Consumers should be provided advanceable, refundable tax credits to help them purchase coverage. In addition, to further attract consumers, flexible plan designs should be encouraged and small businesses should be educated on these plan options. HLC conducted research in the early 2000s to identify the barriers small businesses face in offering health insurance coverage. Survey after survey found that while cost is one barrier, it is not the only one. Another significant barrier is knowledge and understanding of how health insurance works. During its research, HLC provided a short 15-minute educational session on insurance to small business owners through the Small Business Development Centers (SBDCs). These sessions led to an increase in knowledge about health insurance as well as an increase in the propensity by the small business owner to offer health insurance. In the post-ACA environment, consumers must be provided with decision support tools—including out of pocket cost calculators, smart plan-finder tools, searchable online provider networks and drug formularies, and clear cost information for common services—that would help them to understand their options and choose among the plans. These tools would be an especially good resource for small businesses that do not have the large human resources departments necessary to explore all the healthcare options available to their employees.

Thank you for your efforts to improve the healthcare marketplace for small businesses. HLC looks forward to continuing to work with you. Should you have any questions, please contact Debbie Withey at 202-449-3435.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mary Grealy".

Mary Grealy
President

cc: The Honorable Nydia M. Velázquez
Ranking Member, Committee on Small Business