

POSITION STATEMENT

Small Business Health Insurance Plans

The New Bedford Area Chamber of Commerce is a non-profit business advocacy and economic development organization. It has a diverse membership base of 1,000 businesses – primarily small and medium size - in the Southcoast region of Massachusetts. This policy position is intended to serve as guidelines for the Chamber's Government Affairs efforts and has been reviewed and approved by the Chamber's Government Affairs Committee and Board of Directors.

Adopted: March 25, 2010

Background: Unlike larger businesses and government entities, such as the Commonwealth's Group Insurance Commission (GIC) and cities and towns, small employers are not permitted under current law to group together to buy health insurance and increase their buying clout. This is a normal process in other states and was legal in Massachusetts up until 1996. In fact, certain group buying cooperatives for health insurance were grandfathered in under the changes to the law in 1996 and continue to flourish today, well over a decade later saving their members and the employees of those members' significant health insurance premium dollars. However, for all of those not grandfathered in, it is no coincidence that those small employers have seen double digit premium increases nearly every year since their group buying and negotiation ability was eliminated via Chapter 297 of the Acts of 1996, the Small Group Reform law.

Position: Health care is a continuing concern to the New Bedford Area Chamber of Commerce, both in terms of access and cost containment. To make health care more affordable and accessible for small businesses, the Chamber supports passage of legislation (H3452) that would permit small group purchasing cooperatives for health insurance. The Chamber believes that allowing small businesses to arrange their health benefits through small group buying cooperatives will make coverage more affordable by spreading risk among a much larger group, strengthening negotiating power with plans and providers, and reducing administrative costs.

- Member based trade associations, chambers of commerce and employer organizations exist to deliver cost savings and enhanced benefits to their members on a variety of services. However, current Massachusetts state law prohibits small group purchasing cooperatives in health insurance, even though such plans currently exist in a majority of states, and larger employers and public employers enjoy those same types of buying options right here in Massachusetts.
- Small Business Health Plans would help level the playing field by allowing group buying power, which does not exist for small employers today.
- Small Business Health Plans will create competition and more options in Massachusetts for small business health insurance. The current lack of competition, the lack of strict regulation, and the discriminatory small group law have all combined to make the small group marketplace a failure.

- “Cherry-picking” is strictly prohibited under the current proposals for these Small Group Health Plans (H3452). Beyond the law, this is a practice forward thinking associations and chambers would avoid at all costs.
- Supporters of the current costly system benefit by the annual double digit increases in small business premiums. Opponents of change and competition have no incentive to keep rates low for small employers.
- Cost is the number one issue today in health care, but not just overall costs. Resolving the disparity in health insurance costs between small and large employers is the single most important issue to small businesses in Massachusetts today.

While this statement is policy as of the effective date of this document, the Chamber reserves the right to adopt changes and make modifications and additions to its policies, and will continue to monitor issues as they develop.

Please contact Roy Nascimento, President & CEO at (508) 999-5231 with any questions regarding this policy position.