

March 15, 2013

Secretary Kathleen Sebelius
Department of Health and Human Services
200 Independence Avenue S.W.
Washington, D.C., 20201

Dear Secretary Sebelius:

We, the undersigned business groups, strongly urge your administration to reject a rule the Department of Health and Human Services proposed March 1 that would delay critical requirements for small business health insurance exchanges, set to open Jan. 1, 2014. The proposed rule—which would stall requirements that exchanges allow employees to choose among multiple insurance carriers, and that exchanges provide a key administrative function known as “premium aggregation” that simplifies the payment process—could jeopardize the efficacy and success of small business health insurance exchanges, the cornerstone of the healthcare law for small businesses.

We understand the proposed rule would only delay employee choice and simplified payments for one year. However, both of these are key in distinguishing the Small Business Health Options Program (SHOP) from the outside health insurance market.

Delaying these rules a year could weaken the initial launch of the federal exchanges and state exchanges that choose to take their cue from HHS on these two issues. The sole remaining benefit to purchasing insurance through the exchange would be small business tax credits, which are potentially beneficial to many businesses but might not alone be enough of a reason to move to the SHOP. History has shown that a weak launch can mitigate the long-term success of an exchange. These marketplaces are the most important part of the Affordable Care Act for small businesses. It is imperative any and all measures are taken to ensure they’re as robust as possible from the get-go.

By including employee choice and a simplified, employer-friendly billing process in the health exchanges right out of the gate, the Affordable Care Act can reverse a longstanding market trend that has left small employers on unequal footing for too long. These kinds of benefits have historically been reserved for large businesses and public employees, while small businesses often have to offer a “one-size fits all” plan with added administrative burdens.

There’s still time to ensure this rule does not go into effect. We hope that on Day 1 of enrollment, requirements for employee choice and simplified payments are in the exchange rulebook.

Sincerely,

American Booksellers Association
Asian Business Association, San Diego
California Association for Micro Enterprise Opportunity
Manhattan Chamber of Commerce
Michigan Rural Chamber of Commerce
Minority Business RoundTable
National Gay & Lesbian Chamber of Commerce
National Puerto Rican Chamber of Commerce
Small Business Majority
Silicon Valley Leadership Group
South Carolina Small Business Chamber of Commerce
U.S. Black Chamber, Inc.