

The Council for Affordable Health Insurance



July 29, 2003

The Honorable Mike Pence
U.S. House of Representatives
1605 Longworth House Office Building
Washington, D.C. 20515

Dear Rep. Pence:

On behalf of the Council for Affordable Health Insurance (CAHI) we are writing to express our strong support for H.R.2851, the Small Business Health Insurance Act. CAHI was organized in 1992 as a research and advocacy organization devoted to positive, market-based health care reforms that preserve freedom of choice for individuals and encourage a competitive health insurance market.

It is no secret that the number of uninsured continues to rise along with the soaring cost of health insurance premiums. Small businesses often face health insurance premiums 25 percent higher than those in the individual market. Two factors contributing to the high cost of health insurance for small business are mandated benefits and guaranteed issue. Guaranteed issue requires all health insurers to accept any small employer regardless of the group's claims history or health status. This failed policy rewards employers for waiting until their group is sick before they buy insurance.

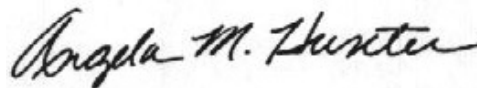
The Small Business Health Insurance Act will remove one of the major barriers to affordable health insurance premiums by amending the Health Insurance Portability and Accountability Act (HIPAA) and repealing the across-the-board small group guaranteed issue provision. Repealing this provision provides a positive incentive for small businesses to purchase and keep health insurance. Once an employer obtains coverage, all employees (including those sick and newly hired) must be offered health insurance, providing they pay their premiums.

Enactment of H.R. 2851, the Small Business Health Insurance Act will be a major step in reversing the trends that are increasing the number of uninsured, lack of health plan choice and market fluctuation plaguing small businesses seeking to purchase affordable health insurance. We salute you for introducing this long overdue legislation and pledge our assistance to working for the bills passage.

Sincerely,



Merrill Matthews
Director



Angela M. Hunter
Director of Federal Affairs