

# United States Senate

WASHINGTON, DC 20510-4502

March 30, 2006

Dr. Maurice J. Cyr  
Physical Rehabilitation and Health Center  
245 Stratton Road  
Rutland, Vermont 05701

Dear Dr. Cyr:

Thank you for writing to me about Small Business Health Plans (SBHPs). I appreciate hearing your concerns and know that affordability poses a significant hurdle to small employers that want to provide health benefits to their employees.

S.1955, the Health Insurance Marketplacc Modernization and Affordability Act of 2005, one of the proposed solutions to this problem, would establish SBHPs allowing small businesses to band together to offer coverage to employees. This bill was passed out of the Senate Health, Education, Labor, and Pensions Committee on March 15. While the intention of this legislation is a good one, I have significant concerns that this proposal would exempt business-sponsored SBHPs from state insurance regulations and consumer protections, putting people at undue risk of insurance scams and poor coverage policies.

Although rising health care costs are a growing problem for employers and employees alike, SBHPs do not appear to be a viable solution. By offering reduced benefit packages, SBHPs would attract employers with healthier workers, leaving older and less healthy workers with much higher insurance costs -- or no insurance at all. Further, the Congressional Budget Office has concluded that if SBHPs were to become fully operational, the total premiums paid annually by small firms and their employees would actually increase above their current cost.


While I have reservations about SBHPs, I recognize that the lack of affordable health insurance is a serious problem that prevents millions of Americans from receiving the health care they need. That is why I am pleased to be a co-sponsor of an alternative proposal, the Small Employers Health Benefits Program Act of 2005. This legislation would establish a national health program that allows employees of small businesses to purchase health plans similar to those available to federal employees. The bill, S.2382, was introduced on March 17, 2006 and referred to the Committee on Finance, of which I

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am not a member. You can be sure that as the Senate considers this bill that I will continue to fight to reduce the cost of health care and to cover the uninsured.

Again, thank you for writing. Please stay in touch.

Sincerely,

A handwritten signature in black ink that reads "Patrick Leahy". The signature is written in a cursive, flowing style.

PATRICK LEAHY  
United States Senator

PJL/ cms