

April 3, 2006

Dr. Karen Konarski-Hart
123 XXXXXX
XXXXX, AR

Dear Karen:

Thank you for contacting me regarding the Small Business Health Fairness Act of 2005 (S. 406).

As you may know, this legislation would allow small employers to create association health plans (AHPs) for the purpose of obtaining health insurance by amending the Employee Retirement Income Security Act of 1974 to provide for the establishment and governance of AHPs.

I am concerned that S. 406 could potentially lead to an increase in premiums for small employers because AHPs could exclude high-risk individuals and offer benefits only to the healthiest consumers. Also, I believe this bill fails to address the needs of the uninsured and will possibly leave the elderly and sick workers without health care options.

As an alternative, I have introduced legislation called the Small Employers Health Benefits Program Act (S. 637) to address the accessibility and affordability of health insurance. As I have traveled our state, I have talked with many small business owners in Arkansas who have been forced to drop or dramatically reduce health insurance for their employees even though they desperately want to offer it.

The number of uninsured in our country is alarming and should be a national priority. Almost 20 percent of the working-aged adults in Arkansas are uninsured. Nationwide, an estimated 44 million Americans don't have health insurance. Those who lack health insurance don't get access to timely and appropriate health care.

My legislation calls for the creation of a new Small Employers Health Benefits Program (SEHBP) which will offer small employers affordable choices among private health insurance plans by giving them access to a large purchasing pool and negotiated rates. Based on the successful Federal Employees Health Benefits program, which has provided quality benefit choices to federal employees for decades, it would offer small businesses a range of benefit packages from a variety of

insurance companies, ensuring them a choice of affordable products. All small employers with under 100 employees could voluntarily participate in the new SEHBP. My bill combines the best of what government can do with the best of what the private sector can do. It harnesses the power of market competition to bring down health insurance costs by using a proven government negotiator. Under my bill, small businesses across America would be able to pool their risk and purchasing power together to offer affordable health insurance options for their employees.

Currently, S. 637 is being considered by the Senate Finance Committee, of which I am a member. Please rest assured I will continue to work with my colleagues in the Senate to address the rising cost of health care, especially how it affects the self employed and small businesses in Arkansas.

Again, I appreciate knowing your views about this important issue. I am proud to serve the citizens of Arkansas in the U.S. Senate and hope you will not hesitate to let me know whenever I may be of assistance to you in the future.

Sincerely,

Blanche L. Lincoln

BLL/dh