

April 7, 2006

Dr. John Cerveny
XXXXX, NE

Dear John:

Thank you for contacting me regarding our nation's health insurance challenges. I appreciate hearing from you on this matter.

Statistics show that approximately 45.8 million Americans lacked health coverage in 2004, or 15.7 percent of the U.S. population. Because of this, I have worked on a variety of fronts to address this ominous health care challenge. Most recently, I joined Senator Michael Enzi in introducing legislation aimed at reducing health care costs for employees and owners of small businesses. As you know, Senator Olympia Snowe introduced the Small Business Health Fairness Act (S. 406), which would allow businesses to create association health plans (AHPs) and, consequently, decrease health insurance coverage costs. However, this bill appeared to exempt AHPs from some consumer protections, which I feared would lead to inadequate coverage, leaving many Nebraskans worse off. A number of my Senate colleagues shared my concerns, and this bill has consequently been stalled for a decade in the Senate.

I was pleased to join Senator Enzi in finding a compromise. We aimed to bring everyone together - the business community, the insurance companies, and the state insurance commissioners. We asked these policy experts - and numerous Nebraska small business owners and employees - for recommendations on how to solve the problem. Some did not think it could be done, but we thought we could find a reasonable solution. If we could get the purchasers, the sellers, and the regulators of health insurance together, and get them to sit down and talk to each other - rather than past each other - we thought we might have a chance to get something meaningful done.

After many drafts, Senator Enzi and I introduced the Health Insurance Marketplace Modernization and Affordability Act, S. 1955. Our bill will allow small business health plans (SBHPs) to pool their members and join nationwide plans providing good health care coverage and common-sense consumer protections. By pooling their insurance risks, the association is able to increase its bargaining power with carriers and share administrative functions, resulting in lower premium costs. The bill also requires that a choice of five comprehensive plans be offered in every state to ensure quality coverage; each plan covers diabetes and diabetic supplies. Some actuaries believe it will help small businesses reduce health insurance costs by \$1,000 per employee and shrink the number of uninsured working families by 8 percent nationwide. I am pleased that thousands without health insurance, many in need of treatment for diabetes as well as other diseases, will have insurance because of this legislation. In addition, unlike AHPs, this bill preserves state governments' oversight roles by placing supervision of such plans in the hands of state officials and preserving state licensure requirements.

The Senate Health, Education, Labor and Pensions Committee recently passed the bill. While a time has not yet been scheduled to bring this bill before the full Senate for a vote, it is my hope that a floor debate will occur soon. I look forward to this bill's passage so small businesses may be offered relief from the increasingly cumbersome cost of health insurance, while also providing the requisite coverage employees deserve.

Thank you again for contacting me. Health insurance reform continues to be an issue of much debate on the national level; rest assured, I will keep your concerns in mind as this debate continues.

Sincerely,

**Ben Nelson
U.S. Senator**