



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 9, 2006
(Senate)

STATEMENT OF ADMINISTRATION POLICY

S. 1955 – Health Insurance Marketplace Modernization and Affordability Act
(Sen. Enzi (R) WY and seven cosponsors)

The Administration supports Senate passage of S. 1955. The President has proposed to allow small businesses to band together through their bona fide trade and professional associations to self-insure or to buy insurance across state lines. This would allow small businesses to offer health care coverage for their employees at discounts like those big companies get by benefiting from larger risk pools, increased negotiating clout, and administrative efficiencies currently enjoyed by large employers and labor unions purchasing health insurance. S. 1955 attempts to reach the same goal through a very different method.

The Administration looks forward to working with Congress to ensure that the Nation's eight million small businesses are able to provide quality, affordable health care to their tens-of-millions of employees and their families. Rising health care costs impose a burden on families, employers, and taxpayers. Providing access to affordable health care for all Americans and helping small business provide health care for their employees are key components of the President's health care agenda. Small businesses are the growth engine of our economy, but they are at a disadvantage in providing health benefits for their workers. Since small businesses buy coverage for smaller numbers of workers at a time than big businesses, they pay much higher costs for similar health benefits than large employers or labor unions. By providing coverage for thousands of employees at a time, association members would be able to provide their employees better health care coverage at lower premiums.

The Administration supports allowing bona fide trade and professional associations to self-insure, as do many large employer and labor union health plans. S. 1955 would not give small businesses this important option. By not providing self-insurance as an option, S. 1955 would limit a small business health plan's ability to offer employees quality health benefits at the best rates.

The Administration applauds efforts to find ways to lower costs by reducing unnecessary administrative complexity and expense, as well as to allow the opportunity for a health insurance market available across State lines, and will continue to work with Congress in this area.

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