



September 28, 2010

The Honorable Mike Enzi  
United States Senate

Dear Senator Enzi:

On behalf of Associated Builders and Contractors (ABC), a national association with 77 chapters representing 25,000 merit shop construction and construction-related firms with 2 million employees, we are writing to express our strong support for S. J. Res. 39, which would overturn the recently issued rule relating to status as a grandfathered health plan under the Patient Protection and Affordable Care Act (PPACA).

Throughout the health care reform debate, ABC advocated for policies that reduce the cost of health care for employers and their employees. ABC called on Congress to advance common-sense proposals that would address the skyrocketing costs of health insurance, especially for employer-sponsored plans, and the rapidly rising number of uninsured Americans. ABC believes true reform should provide greater choice and affordability and allow private insurers to compete for business.

Unfortunately, the new health care law will do nothing to reduce the cost curve; instead it simply will enroll more Americans into a broken and unsustainable health care system. Specifically, the recently issued grandfather rule will increase, rather than decrease, costs for small businesses.

On June 17, the Departments of Health and Human Services, Labor and Treasury issued an interim final rule relating to a plan's status as a "grandfathered health plan" under PPACA. As part of the Small Business Coalition for Affordable HealthCare, ABC and several other organizations filed comments expressing concern that the grandfather rule is overly restrictive and could make it even more likely that small businesses will choose to drop their plans prior to 2014 as they are faced with unsustainable premium increases. Instead of lowering the number of uninsured Americans, the rule could actually increase the number of uninsured before the health care law is fully enacted.

The coalition also pointed out that neither PPACA nor the grandfather rule address the core problem facing small businesses: the rising costs of health care. Instead, the rule strips small employers of the ability to exercise flexibility in adjusting to cost increases in order to maintain their current plan.

The grandfather rule demonstrates a fundamental failure of the federal government to understand the needs of small businesses. With a current unemployment rate of 17 percent, the construction industry cannot endure another cost increase at the hands of the federal government. It is unfortunate that the federal government continues to fail to provide employers and their employees with health care solutions that are practical or affordable.

Once again, ABC strongly supports S. J. Res. 39 and we commend you for introducing a resolution that is intended to reduce health care costs for a struggling sector of our economy: small businesses. We look forward to working with you in the future on common-sense health care initiatives.

Sincerely,

Brewster B. Bevis  
Senior Director, Legislative Affairs