



September 29, 2010

Dear Senator:

I write today in support of the resolution offered by Sen. Michael Enzi to overturn the grandfather rule issued by the Administration related to the Patient Protection and Affordable Care Act (PPACA). Senate Joint Resolution 39 would prevent a harmful new regulation that would limit the ability of small franchised businesses to purchase affordable health insurance coverage for their employees. Therefore, **the IFA will consider all votes related to this resolution among our annual list of "Key Votes."**

The Departments of Health & Human Services, Labor and the Treasury published an Interim Final Rule to implement Section 1251 of the PPACA. This section grants businesses the ability to "grandfather" health insurance plans in effect on the date of PPACA's enactment and exempt these plans from certain requirements under the new law. The grandfather provisions were a key promise during the health reform debate, as consumers were told, "If you like what you have, you can keep it." The Interim Final Rule established the criteria that employers currently offering health insurance must comply with, if they want their health plans to remain exempt from many of the new mandates in the law.

No provisions of the new law authorize post-enactment loss of grandfathered health plan status by a group health plan or employer-sponsored health insurance coverage that satisfies the requirements of Section 1251 on the date of enactment. Unfortunately, the Interim Final Rule creates a tightly controlled set of rules regarding what changes an employer can and cannot make to their plan if they want to maintain the grandfathered status. Many small businesses shop around each year to find comparable policies at affordable rates. Simply changing insurers to control health insurance costs would force a small employer to give up grandfathered status.

The Administration's interpretation of current statute has left many in the small business community concerned that they will have even less choice and flexibility to shoulder the increasing costs of coverage. Those concerns are confirmed by the Administration's own analysis in the Interim Final Rule, which suggests that an estimated 80 percent of small businesses are expected to lose their grandfathered status over the next three years.

**Therefore, the IFA strongly urges you to support the Sen. Enzi resolution to overturn the final grandfather status regulations. We will consider all votes on this amendment among our annual list of "Key Votes."**

Sincerely,

A handwritten signature in black ink that reads "David French".

David French  
Senior Vice President  
Government Relations & Public Policy