



September 23, 2010

The Honorable Mike Enzi
Ranking Member
Health, Education, Labor and Pensions Committee
379A Senate Russell Office Building
Washington, DC 20510
Via Facsimile: 202-224-6510

Dear Senator Enzi:

On behalf of the Small Business & Entrepreneurship Council (SBE Council), I am writing to applaud you for introducing a Resolution of Disapproval (S.J.Res 39) relating to the rule on “grandfathered plans” issued by the U.S. Department of Health and Human Services (HHS). The rule, as written, is in clear violation of President Obama’s promise that Americans would be able to keep the health plans they currently have upon passage of the Patient Protection and Affordable Care Act (PPACA). In addition, we believe that HHS has taken creative license in its interpretation of PPACA, bringing an ideological bent that is not supported by the statutory language.

SBE Council strongly supports your Resolution. Without its successful passage most small business owners and their employees will lose the health coverage they currently enjoy.

Small business owners and the self-employed were promised by President Obama and supporters of PPACA that they could keep the plans they currently have under the legislation. However, this promise has turned out to be false and small business owners feel betrayed by what transpired during the rule-making process, as well as what is occurring in the insurance marketplace. In order to qualify for grandfathered status, small business owners must stay with their current carrier and not significantly alter their current health plan or coverage. If their current carrier significantly raises their premiums, small business owners cannot shop around for more affordable plans or they will risk losing grandfathered status. The alternative is to move to another carrier and face more costly coverage mandated by the new health care law. In sum, small business owners are rendered helpless by this catch-22 rule.

Rather than helping small business owners and their workforce keep their plans, it appears the rule has been rigged to force most small businesses and their employees out of grandfathered status. We are aware that HHS estimates, worst case, 80 percent of small business owners will lose their current health plans. SBE Council believes 80 percent is the likely scenario, if not a conservative figure.

The consequence of the rule is obvious – more small business owners will drop coverage. Hiring will remain weak and jobs will be lost. This was not the promised outcome of PPACA.

Senator Enzi, SBE Council shares your desire to overturn this unjust rule. We applaud your leadership, and will do what it takes to see that S.J.Res 39 advances into law.

Sincerely,

A handwritten signature in black ink, appearing to read "Karen Kerrigan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Karen Kerrigan
President & CEO