



December 13, 2010

Office of Consumer Information and Insurance Oversight
Department of Health and Human Services
Room 445-G Hubert H. Humphrey Building
200 Independence Ave. SW
Washington, DC 20201

Re: OCIIO-991-IFC, Amendment to the Interim Final Rules for Group Health Plans and Health Insurance Coverage Relating to Status as a Grandfathered Health Plan Under the Patient Protection and Affordable Care Act

On behalf of the American Society of Association Executives (ASAE), we appreciate the opportunity to comment on the recent amendment to the Interim Final Rules regarding grandfathered health plans under the Patient Protection and Affordable Care Act. ASAE is a section 501(c)(6) individual membership organization of more than 22,000 association executives and industry partners representing nearly 12,000 tax-exempt organizations. Its members manage leading trade associations, individual membership societies, and voluntary organizations across the United States.

The proposed amendment, allowing insured plans to change carriers and retain grandfather status provided they do not violate other factors of the Interim Final Rules, will provide some marginal help to small and medium-sized employers. However, this change does not address the basic problem facing many small and medium-sized associations that do not have the market power of larger employers, and that will not have increased access to the insurance market until the Exchanges are established in 2014.

As we pointed out in our previous comments, most of our members represent small and medium-sized organizations, and the average association has 11 employees. The organizations are often captive to a small number of health insurance providers and do not have the economic clout of larger enterprises.

As we also pointed out, most of these organizations will greatly benefit from the expanded options for health insurance that will be available beginning in 2014 through the Exchanges. The Exchanges will allow the small and medium-sized organizations that our members represent to benefit from the economics of pooling that is not currently available. But this will not occur until 2014.

Because of this reality, we reiterate our request that small and medium-sized employers be allowed to retain grandfathered status even if they make cost saving changes to both copayments and cost sharing, provided they do not reduce the per-employee amount they pay for insurance. This could help these organizations adjust and preserve coverage in anticipation of greater reform options beginning in 2014. We also request that small and medium-sized employers be allowed to change insurance carriers prior to 2014 and have their plans treated as grandfathered plans provided that they do not reduce the per-employee amount they pay for insurance.

We note that the Secretary has provided waivers to the grandfather rules for numerous employers, including multinational corporations. Most of the organizations that our members represent strive to provide meaningful and comprehensive health insurance benefits. We are asking that you recognize the serious situation facing these organizations and grant a blanket waiver for small and medium-sized employers to help them maintain health insurance coverage while waiting for the eventual benefits of the Exchanges.

Many of our members have advocated for health care reform, particularly to increase options available through market reform and the Exchanges. The association community has indicated its willingness and ability to help establish and administer the Exchanges on a state-by-state basis, as well as assisting in federal implementation. It would be ironic if some of the organizations represented by our members had to unwillingly drop coverage because of increased expense from the loss of grandfather status as they wait for the Exchanges.

Thank you for your attention to this important issue. If you have any questions about these comments, please contact Jim Clarke, senior vice president of public policy, at 202.626.2703 or jclarke@asaenet.org.