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Definition of Employer Under Section 3(5) of ERISA-Association Health Plans

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Definition of Employer Under Section 3(5) of ERISA-Association Health Plans

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General Comment

ID: EBSA-2018-0001-0001- Definition of Employer Under Section 3(5) of ERISA-Association

To all concerned:

I am an independent health insurance broker with 35 years experience in financial services. I own an independent insurance agency that I established in 1989 and I am licensed in more than 40 jurisdictions throughout the country. Since 1995 my agency has specialized in providing health insurance and related benefits (dental, vision, life, and disability) to members of national trade associations. We provide each such organization with its own member benefits website (see www.worldclassbenefits.com). We only work with national organizations that are comprised of members of a single industry. By design we work with organizations

whose membership is comprised of small, fewer than ten lives, employers and self-employed individuals. Our association clients are primarily blue and grey collar occupations such as locksmiths, welders, pet care professionals, culinary workers, and other similar fields.

We have had experience with chambers of commerce and other non-homogeneous business groups and we have not found success with such organizations due to the diversity of risks and interference from many sources of local insurance competition. We have also found substantial qualitative differences among trade associations. These differences are substantially due to members' perceptions of the associations' efforts and initiatives on the members' behalf. Therefore, before accepting new association clients we thoroughly scrutinize their accomplishments for their members including areas such as group purchasing programs, advocacy, and lobbying efforts at the local, regional, and national levels. We also examine any and all methods by which the organizations communicate with their members.

After we are satisfied that the associations' members truly value their membership in the organization we then take on the client. We have developed this screening process because we have learned from experience that substantial differences among trade associations exist. I state all of this because if Association Health Plans are enabled by this new proposal it will be essential for insurers and third party administrators to vet potential association clients before engaging in an insurance program.

I can state with a high degree of certainty that associations with which the members feel a high degree of affinity may do very well with Association Health Plans. As is the case with all health plans that have ever existed, cost containment and utilization management are key to long-term success. An association that has the ears of its members can strongly influence members' health care utilization patterns, assist members with disease management initiatives, provide guidance in the areas of wellness and prevention, and provide significant group purchasing programs for medical goods and services. These influences will all serve to minimize loss ratios and help to assure the long-term success of the health insurance program.

I have reservations about the effectiveness of AHP's for new organizations that are formed for the sole purpose of purchasing health insurance. These organizations will not have the same level of influence on participants as well managed, existing trade associations and I can easily envision a typical death spiral after several years in existence.

Small businesses and self-employed individuals are in desperate need of lower cost solutions to their health insurance needs. Collectively my agency's association clients

employ more than a quarter million people and for the last 22 years we have had thousands of interactions with their members. Their number one concern is and continues to be the high cost of health insurance and it is my hope that the Association Health Plan initiative becomes reality.

Please contact me if you would like additional information about my agency's decades long experience with national trade associations. Thank you.

Respectfully,
Alan Leafman, President
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