



American Foundry Society
1695 N. Penny Lane • Schaumburg, IL 60173
847/824-0181 • Fax: 847/824-7848 • www.afsinc.org

President
P. Gil
Blackhawk de Mexico

Vice President
J. Bye
Dotson Iron Casting

2nd Vice President
P. Reich
Laempe Reich

Immediate Past President
J. Cook
Eagle Alloy, Inc.

CEO
D. Kurkul

March 6, 2018

Office of Regulations and Interpretations
Employee Benefits Security Administration
Room N-5655
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210

Subject: “Definition of Employer under Section 3(5) of ERISA-Association Health Plans”; RIN 1210-AB85 or Docket ID No. 2017-28103 (submitted electronically).

On behalf of the American Foundry Society (AFS), we applaud the U.S. Department of Labor’s proposal, “Definition of Employer under Section 3(5) of ERISA-Association Health Plans,” to allow associations to provide health insurance to their members through Association Health Plans (AHPs).

This is a promising step as health care costs continue to rise, while choices for coverage, particularly for small businesses, are steadily shrinking. Membership organizations are uniquely suited to provide benefits to their respective members, since they understand the needs that drive their industries, factors typically not taken into account for in the individual exchanges.

By forming AHPs, small businesses would have access to better and more affordable health care plans, allow them to negotiate lower costs for coverage to take advantage of the flexibility and lower costs that are currently available only to large employers. By leveling the playing field, these businesses could offer more competitive health care benefits, allowing them to compete with large employers and international competitors to retain and recruit employees. AHPs are truly critical to expanding affordable, employer-sponsored health insurance.

AFS is the major trade and technical association for the North American metalcasting industry, founded in 1896. The association has more than 7,000 members representing over 2,000 metalcasting firms, their suppliers and customers. Our members produce metal castings which are the foundation for all other manufacturing. We are vital to national defense, infrastructure, construction, aerospace, energy, and automotive, as well as the entire U.S. supply chain. The industry provides employment for nearly 200,000 men and women directly in the U.S. and supports thousands of other jobs indirectly.

Metalcasting plants are found in every state, and the industry is made up of predominately small businesses. Over 80 percent of U.S. metalcasters have fewer than 100 employees. The need for affordable health insurance options remains a top concern among our membership. Many report that they are struggling to find affordable health care in the marketplace.

AFS was created to advance the sciences related to the manufacture and use of metalcasting through research, education and dissemination of technology. AFS also provides leadership in the areas of environmental, safety, marketing, management and human resources for the metalcasting industry.

Provided below is a summary of the comments that AFS has regarding the proposed rule:

- **The definition of an “association” in the proposal should not be limited to those organizations who have employers as members.**

The proposed regulations assume that the members of an association are employers. Many associations, including AFS, have both employers and individual members. The proposed regulation should be clarified to allow the individual association members to join the AHP offered by that association. The proposed regulation could allow employee-members of the organization to join of their own accord, regardless of employment formalities.

- **Preemption of state health insurance laws and regulations must be clearly stated in the proposed rule.**

Currently, AHPs cannot thrive because they are subject to each state’s insurance regulations. The viability of an AHP will be severely constrained if the AHP must comply with the myriad of differing regulations in each state. While an AHP within a single jurisdiction might be successful, most industries and professions cross many state lines. To serve its members, the AHP would then have to offer several different plans, at different costs and with escalating compliance requirements. It would likely be more difficult for an AHP to achieve the economies of scale needed to thrive.

In addition, in order to enjoy the same advantages that a large employer has with a self-funded plan, the AHP should be considered the “employer” for the purposes of offering the health insurance.

- **Membership nexus to an existing association is beneficial.**

Existing membership associations have long-established relationships with their members and are effectively controlled by their members. Associations offer benefits to their industries and professions and to our society beyond health insurance. An association would not risk its reputation and goodwill, and potentially its survival, by offering a sparsely capitalized or substandard health plan.

AFS welcomes the Department’s proposed regulations on AHPs because we believe that the proposal will level the playing field by allowing small businesses to join together through bona fide

trade associations to purchase quality health insurance nationwide, and obtain the same economies of scale, bargaining clout and administrative efficiencies now available to employees in large employer plans. AHPs are a common-sense solution to lowering the cost of health care for small businesses who have fewer choices every year.

AFS appreciates the opportunity to provide these comments on the proposed revisions to AHPs. If you have any questions or would like additional information, please contact me or Stephanie Salmon, AFS Washington Office – ssalmon@afsinc.org or 202/452-7135.

Sincerely,

A handwritten signature in black ink that reads "Doug Kurkul". The signature is written in a cursive, flowing style.

Doug Kurkul
CEO
American Foundry Society