



Too Important To Fail

WIPP Works in Washington - February 2013 by Ann Sullivan

During the Wall Street crisis, the term “too big to fail” dominated the headlines as financial institutions started collapsing and the federal government made determinations about which ones to save. Some were just too big to fail, meaning that the economy was so intertwined with their failure that allowing their collapse would mean the demise of the global economy. Central to that debate was the proper role of government.

Similarly, many of the same issues are raised with respect to state healthcare exchanges, or marketplaces which go into effect in 2014. Small businesses and individuals shopping for health insurance will start enrolling into the program in October 2013. But instead of being too big to fail, I would suggest that state healthcare marketplaces are “too important to fail.” And in this instance, the role of government is also front and center.

For at least a decade, well-known small business organizations, including WIPP, urged the Congress to make healthcare more affordable and more accessible by proposing Association Health Plans (AHPs) legislation sponsored by then- Senator Snowe (R-ME), and a bipartisan group of 12 Senators, including Senator Robert Byrd (D-WV) and Senator McCain (R-AZ). It would have allowed for large pools of businesses to band together through Association memberships to buy health insurance, much to the objection of state insurance officials who argued that they needed control over health insurance sold in their states. The concept then morphed into Small Business Health Plans, sponsored by Senator Mike Enzi’s (R-WY) legislation. Enzi’s press release on the bill stated the following: “In 2006 independent actuaries found that the SBHP bill, as introduced in the 109th Congress, would not only stop the trend of annual increases in health insurance costs, but also would actually reduce health insurance costs for small business by a net 12 percent, or about \$1,000 per employee.”

A version of the Enzi bill then became incorporated into Obamacare, referred to as the SHOP (Small Business Health Option Programs) exchanges. As demonstrated in the brief history above, the concept of forming state, regional or nationwide pools for small businesses to access health insurance was a bipartisan effort that spanned many years.

The fact that it was contained in healthcare reform is good news and bad news for small businesses. The good news is that we will be part of a much larger pool that will buy health insurance instead of “each woman on her own” as is the current system. The bad news is that this very good concept is wrapped up in the politics of healthcare reform.

After having heard the arguments for state control over health plans by Governors and State Insurance Commissioners, it surprises me that 26 states opted to let the federal government run this new marketplace for small businesses. [Click here](#) to take a look at what your state is doing.

How is it that something so important—the chance for small businesses to shop for reasonable rates —is so embroiled in politics that state officials are abdicating their control to the federal government? After all, small businesses comprise 99.5% of all businesses in the U.S. —27 million with \$31 trillion in receipts. Given these numbers, why are state and local officials shrugging their shoulders at the prospect of making these marketplaces work?

We fought for these new marketplaces because the old system is broken. If we don't have enough enrollees into the exchanges to make them viable, they will surely fail. Small businesses have a responsibility to educate themselves and others to make sure the exchanges can succeed. Forget whether or not you agree with all the provisions in Obamacare. Put that aside and work for the only real shot we have at getting better prices and better options. The state exchanges are too important to fail.