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Small-business health plans face backlash

Phoenix Business Journal - by [Mike Sunnucks](#) The Business Journal

A business-backed plan to allow small businesses to create larger health care buying pools has sparked strong opposition from eye doctors, pediatricians, the AARP and Democratic governors, including Arizona's Gov. Janet Napolitano.

Those critics worry small-business association health plans will result in a market dominated by bare-bones small-business plans without vision, preventative care, mental health and children's medical coverage.

That opposition stalled passage of an association health plan bill in the U.S. Senate earlier this month, though business and Republican backers of the idea hope to work out a compromise and gain full passage later this year.

Business groups -- including the **U.S. Chamber of Commerce** and **National Association of Realtors** -- strongly support the idea of allowing small businesses to join together to create health care buying pools. They would allow companies to buy insurance in larger volume, thus lowering costs and allowing for affordable benefits.

The federal legislation would lift state-mandated coverage and requirements, making it easier and more cost effective to establish the association plans. That aspect worries critics.

The Arizona Optometric Association and its national parent -- the **America Optometric Association** -- are among the groups strongly opposed to the federal bill. The eye doctors and other critics, including the **American Cancer Society**, say lifting state mandates would allow insurance plans to dump various services and coverages including vision, preventative screenings, maternity care and mental health treatment.

The Arizona eye doctors' group sent a delegation to Washington, D.C., to lobby against the health plan bill, said state Chairman Caroline Griego, a north Phoenix optometrist.

Napolitano and other Democratic governors, including New Mexico's Gov. Bill Richardson, also wrote U.S. Senate leaders earlier this month opposing the bill currently under consideration.

They say the move will erode consumer protections and allow health insurance companies to pare down services.

Many business groups, the Bush administration and Republicans support the idea of small-business health plans, arguing they will help smaller employers control costs and offer benefits when they might not be able to offer them on their own.

The U.S. Chamber, **Associated Builders & Contractors**, **National Federation of Independent Business** and **National Association of Home Builders** are among backers of the pool idea.

The plans could be set up and administered by business and industry trade groups and associations.

Health care costs and coverage are top concerns among small businesses and entrepreneurs who struggle to find coverage, let alone affordable plans. The issue is especially important in Arizona, where the bulk of the economy is made up of small businesses and health care insurance is a worry for employers and their workers.

"The options for small businesses are really limited," said Lisa Von Barga, who runs her own international business consulting firm, **Beyond Implementation Inc.**

"First, trying to find coverage for a company of one is next to impossible. It took me a long time to find one and I was without coverage for the first eight months of my business," she said.

Von Barga said most existing small-business-oriented plans won't offer coverage unless there is an existing provider and don't cover pre-existing conditions. Those that offer more comprehensive coverage are extremely expensive, she said. That puts small-business owners, startups and home-based entrepreneurs in a major pickle.

"Many businesspeople, entrepreneurs I know only have catastrophic insurance. Basically, everything is out of pocket," she said.

The federal health care bill passed the U.S. House of Representatives but stalled in the Senate. Backers hope to reach a compromise this year.

Keith Motschman, health care policy expert for the **Arizona Small Business Association**, said the association plans would be difficult to establish and only would be able to compete if mandates and regulations are lifted and they can offer fewer services.

There already are limited health care plans that offer only basic or catastrophic coverage, and they have not enjoyed enormous marketplace success, he said.

"There is no reason to expect that consumers are going to suddenly start favoring more limited benefit plans. What a whacky solution (creating association health plans) to rising health care costs. Let's just cover fewer services," said Motschman.

ASBA bucks conventional business orthodoxy on health care, preferring some kind of basic universal coverage for all state residents.

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