



Office of Jason Crowell State Senator

The Crowell Connection

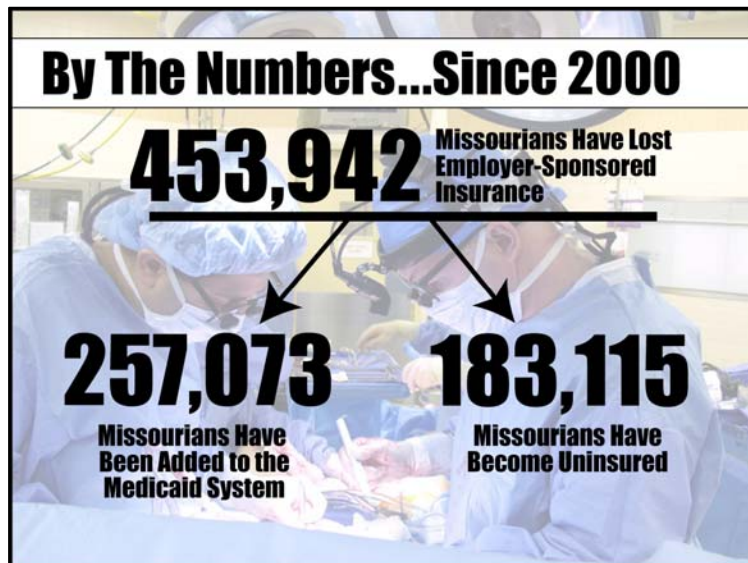
Senator Jason Crowell proudly represents the people of Bollinger, Cape Girardeau, Madison, Mississippi, Perry, and Scott Counties.

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Associated Health Plans: Increasing Access to Quality Health Care

I am pleased to announce that this week the Senate approved legislation that will make it less costly for businesses to offer health insurance to their employees. House Bill 1827, which I championed in the Senate, aims at making it easier for businesses to receive health insurance by gaining power through strength in numbers under existing associations.

For years, the limited access to health insurance has been a burden weighing heavily on the backs of too many Missourians. From 2000 to 2004, it is estimated that more than 450,000 employees lost their employer-sponsored health insurance. Employers could not afford to continue to offer health insurance to their employees because of increased costs. What happened to these employees that lost their insurance? During the same period, the number of people on Medicaid



ballooned by 257,073 and the number of uninsured in Missouri increased by 183,115. So it is safe to say that the vast majority of these employees either ended up on the state's welfare rolls or are simply uninsured. Overall, our state has approximately 700,000 uninsured individuals, and roughly 80 percent of them are employed.

I promised earlier this year to work on reversing this trend and strive to make it cheaper for businesses to offer health insurance to their employees. With the passage of House Bill 1827, I believe we have a solution.

The idea of the legislation is simple: level the playing field for small businesses by

giving them tools to increase their bargaining power. Larger companies, meaning those with more employees, get better rates on health insurance for two main reasons. First, larger companies have greater bargaining power, as insurance companies tend to give cheaper, more competitive rates to companies with more employees. Gaining a client with 1,000 employees is much more profitable to insurance companies than acquiring a client with only 10 employees.

The other reason is that with more employees, the insurance company's risk is spread across a larger number of people, so the total cost will be less on average. Consider what happens when someone becomes seriously ill or injured and has large hospital bills. If that person is in a group with 1,000 employees, the cost is spread over a much larger number of people than a group with 10 employees.

In Missouri, 88 percent of businesses have fewer than 25 employees, so they do not have strength in numbers. However, most businesses belong to an association; retailers belong to the Missouri Retailers Association, manufacturers to the Missouri Manufacturers Association, etc. Small businesses can gain strength in numbers through associations, but under current law, rate restrictions are imposed on insurance companies when it comes to offering policies to small businesses with fewer than 25 workers. Although the rate restrictions were established by law to protect small businesses, they unintentionally have deterred insurance companies from bidding on health insurance coverage for small businesses.

House Bill 1827 frees up the market by allowing insurance companies to receive a waiver from these restrictions. The result is small businesses that are part of an association can sign on to a group health-care plan and utilize the association's bargaining power.

The measure is based on a two-year pilot project for a manufacturer's association in Southwest Missouri. During the two years, initial premium savings ranged from 18 percent for the largest employer to as much as 40-50 percent for smaller employers. The program succeeded, and I want every other association to have a similar opportunity.

I believe the legislation will result in more people being insured by their employers and not by the state. One of the most important resources a working family should have access to is quality health care. When this bill becomes law, we will have significantly increased market competition for health insurance by letting small businesses that fuel our state's economy to take part in the strength-in-numbers power that current law discourages.

Contact Me

As always, I appreciate hearing your comments, opinions and concerns. Please feel free to contact me in Jefferson City at (573) 751-2459. You may write to me at Jason Crowell; Missouri Senate; State Capitol; Jefferson City, MO 65101, or email me at: jcrowell@senate.mo.gov or visit me on the web at <http://www.jasoncrowell.com>.

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