



Statement for the Record

House Committee on Education and the Workforce

Full Committee Markup on Bills Including:

H.R. 2528, Association Health Plans Act
H.R. 2571, Self-Insurance Protection Act

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Chair Walberg and Ranking Member Scott, on behalf of Families USA, we thank you for your work to develop legislative solutions to reduce health care costs for families.

Your focus on reducing health care costs comes at a critical time: Our health care system is in crisis, too often providing poor quality care at unaffordable rates.¹ Almost half of all Americans report having to forgo medical care due to the cost, almost a third have indicated that the high cost of medical care is interfering with their ability to secure basic needs like food and housing,² and over 40 percent of American adults – 100 million people – face medical debt.³ High and rising health care costs are a critical problem for national and state governments, and affect the economic vitality of middle-class and working families, crippling the ability of working people to earn a living wage. Today's real wages (wages after accounting for inflation) are roughly the same as four decades ago, while employer health insurance premiums have risen dramatically.⁴ At the same time, nearly 90% of large employers say that rising health care costs will threaten their ability to provide health care benefits to employees over the next five to 10 years if costs are not lowered.⁵

All of these critical affordability issues facing America's families would be made worse by attempts from this Congress and the administration to roll back the coverage gains we have made since passage of the Affordable Care Act (ACA). The House-passed H.R. 1 includes changes that intentionally make enrollment in ACA marketplaces more burdensome, while simultaneously failing to extend enhanced health care subsidies that cut monthly premiums in half for millions of families. Meanwhile, the administration just finalized extreme changes to the marketplaces through the 2025 Marketplace Integrity and Affordability Rule.⁶ Taken together, these changes would force millions of families that purchase their health insurance through the marketplaces to lose their coverage.

Unfortunately, some of the bills included in today's markup would further undermine key health care programs that families rely on, threatening access to consumer protections and meaningful health coverage. **Families USA opposes H.R. 2528, the *Association Health Plans Act* and H.R. 2571, the *Self-Insurance Protection Act*.**

Proposals to expand the prevalence of "junk insurance," including association health plans (AHPs) and self-insured health plans coupled with stop-loss policies are not viable solutions to our nation's health care affordability crisis. Such plans leave consumers without important protections and at great financial risk – especially self-employed individuals and small employers who are not likely to be aware of the benefit protections that they forego when they purchase these plans.

H.R. 2528, the *Association Health Plans Act*, would broaden the types of plans that can be considered association health plans, allowing for the proliferation of plans that do not cover essential health benefits and leaving individuals and small business owners vulnerable to becoming victims of fraud and plan insolvency. AHPs don't have to cover all of the benefits that other plans sold to individual and small businesses must cover.⁷ Moreover, companies that sell AHPs may try to avoid selling to businesses or populations prone to high medical expenses, focusing instead on particular businesses and geographic areas that tend to have the healthiest workers.⁸ The bill expressly allows associations to "utilize the specific risk profile of each employer member" to set its share of premiums – thereby undermining the bill's purported community rating.⁹ This is deeply concerning, as it can leave those most in need of coverage without any options. And it would have a cascading effect on other consumers by taking small employers who purchase coverage through AHPs out of state risk pools, thus causing premiums to rise for other small businesses in the state.

H.R. 2571, the *Self-Insurance Protection Act*, would dramatically limit regulation of medical stop-loss policies in a variety of ways, including by potentially preventing states from setting minimum attachment points for stop-loss. Similar to AHPs, self-insured plans are exempt from most state laws that provide important health insurance protections, including benefit mandates, requirements to cover people regardless of their health status, and protections for workers and employers from excessive financial risk.¹⁰ Minimizing oversight of these plans and risking preventing states from setting minimum attachment points would only perpetuate these problems, ultimately undermining meaningful efforts to provide comprehensive, affordable health coverage to families and individuals. Additionally, some small employers may not fully understand the risks of ‘level-funded’ plans. Currently, less than a third of covered workers in small firms are in self-funded health insurance plans with a stop-loss policy.¹¹ If stop loss policies are allowed to set low attachment points, they essentially function as health insurance – but without being subject to the same regulatory or benefit requirements as health insurance.

It is important to note that AHPs and level-funded plans not only pose risks to those families who rely on them for insurance, they can negatively impact families that access insurance in the traditional insurance markets by eroding risk pools.¹² AHP and level-funded plans do not evenly spread out the cost of insuring less healthy individuals like traditional insurers do. As a result, the “cost-savings” that supporters of AHPs and stop-loss policies claim as a benefit are actually rooted in their reliance on discriminatory practices that push families who regularly utilize their insurance coverage for things like the treatment of chronic conditions into traditional, comprehensive insurance which increases costs for the entire market.¹³

Conclusion

Millions of individuals and families lack access to affordable, quality health care. Congress has both the power and the responsibility to enact policy changes to address this crisis. Instead of pursuing policies that undermine consumer protections and make high-quality health insurance less affordable and less accessible, as in the case of H.R. 2528 and H.R. 2571 as well as the House-passed H.R. 1, Congress should focus on addressing the high and irrational health care prices that lead to unaffordable costs for families in the first place – prices which stem from trends in health care industry consolidation that have eliminated healthy competition and allowed monopolistic pricing to flourish.¹⁴

To that end, we encourage members of the Committee to re-focus on the bipartisan legislation they pursued in the 118th Congress that would improve price transparency and crack down on ‘dishonest billing’ practices. These practices stem from broken financial incentives in the payment structures that provide hospitals higher reimbursement rates for outpatient services than for the exact same services provided at independent physician offices. This broken financial incentive encourages health systems to buy physician practices and rebrand them as outpatient facilities in order to generate higher reimbursement and charge consumers higher prices. An analysis by Northwestern University found the price of physician services increases 14 percent¹⁵ after a hospital purchases a physician practice. The result is higher premiums, higher copays, and higher deductibles for families and individuals. This broken incentive is ripe for Congressional oversight and action.

Families USA appreciates the leadership of the Committee on Education and the Workforce on improving health affordability and we look forward to continuing to work closely with you to ensure all families have access to high- quality, affordable health and health care.

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- ³ Naomi N. Levey, 100 Million People in America are Saddled with Health Care Debt, Kaiser Health News, June 16, 2022, <https://khn.org/news/article/diagnosis-debt-investigation-100-million-americans-hidden-medical-debt/>
- ⁴ Drew DeSilver, "For Most U.S. Workers, Real Wages Have Barely Budged in Decades," Pew Research Center, August 7, 2018, <https://www.pewresearch.org/fact-tank/2018/08/07/for-most-us-workers-real-wages-have-barely-budged-fordecade>. See also, Gary Claxton et al., Health Benefits in 2022: Premiums Remain Steady, Many Employers Report Limited Provider Networks for Behavioral Health. Health Affairs, October 27, 2022. https://www.healthaffairs.org/stoken/tollfree/2022_11_CLAXTON/full
- ⁵ "Vast Majority of Large Employers Surveyed Say Broader Government Role Will Be Necessary to Control Health Costs and Provide Coverage, Survey Finds," Kaiser Family Foundation, April 29, 2021, <https://www.kff.org/affordable-care-act/press-release/vast-majority-of-large-employers-surveyed-say-broader-government-role-will-be-necessary-to-control-health-costs-and-provide-coverage-survey-finds/>
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- ⁷ "Final Rule Rapidly Eases Restrictions on Non-ACA-Compliant Association Health Plans", Health Affairs Blog, June 21, 2018. DOI: 10.1377/hblog20180621.671483
- ⁸ Ibid.
- ⁹ Bill 2528, section 736 (a)(1)(A)(ii).
- ¹⁰ Kaiser Family Foundation, 2022 *Employer Health Benefits Survey*. October 27, 2022. <https://www.kff.org/report-section/ehbs-2022-section-10-plan-funding/>
- ¹¹ Ibid.
- ¹² USC-Brookings Schaeffer Initiative for Health Policy, *Taking a Broader View of 'Junk Insurance'*. July 2022. https://www.brookings.edu/wp-content/uploads/2020/07/Broader-View_July_2020.pdf
- ¹³ Center on Budget and Policy Priorities, *Association Health Plan Expansion Likely to Hurt Consumers, State Insurance Markets*, March 7, 2019. <https://www.cbpp.org/research/health/association-health-plan-expansion-likely-to-hurt-consumers-state-insurance-markets>
- ¹⁴ Robert A. Berenson et al., Addressing Health Care Market Consolidation and High Prices, The Urban Institute https://www.urban.org/sites/default/files/publication/101508/addressing_health_care_market_consolidation_and_high_prices_1.pdf. See also, Naomi N. Levey, "100 Million People in America are Saddled with Health Care Debt," Kaiser Health News, June 16, 2022, Health <https://khn.org/news/article/diagnosis-debt-investigation-100-million-americans-hidden-medical-debt/>
- ¹⁵ Northwestern Institute for Policy Research, <https://www.ipr.northwestern.edu/our-work/working-papers/2015/ipr-wp-15-02.html>