



February 26, 2007

Jon Kingsdale, Executive Director
Commonwealth Health Insurance Connector Authority
100 City Hall Plaza, 6th Floor
Boston, MA 02108

Re: Minimum Creditable Coverage

Dear Mr. Kingsdale:

As members of the business community who are committed to providing high-quality, affordable health care to working families in the Commonwealth, we are writing with regard to the Connector Board's recent discussions regarding the standard for minimum creditable coverage (MCC) and to express our concerns with the potential impact the recently proposed standards will have on small businesses and their employees.

The cost of health care has become a major barrier to economic growth in Massachusetts. Health insurance is typically the second or third largest employer expense, and the rising cost of coverage makes it difficult for many employers to look favorably upon Massachusetts as a place to locate, develop, and grow their businesses. Many are struggling to provide coverage to their workers, and rapidly rising health care costs also stymie their ability to create jobs, invest in their companies, and, ultimately, improve the state's economy.

Limiting the options available to small employers will exacerbate the difficulty they face and it has the potential to increase the number of uninsured, not reduce it. An important piece of the Health Care Reform Law (Chapter 58 of the Acts of 2006) was the promised introduction of new products that would be affordable for small businesses and their employees. The final law included provisions allowing for options that are working for individuals and small businesses in other regions of the country, such as health savings accounts (HSAs) and high deductible health plans, to go along with those currently available in Massachusetts.

The Connector Board's recent discussions to require prescription drug coverage and to place limits on deductibles and other out-of-pocket costs would eliminate products now available in the market and would continue to make coverage unaffordable for small employers and their workers. At the February 8 Connector Board meeting, Connector staff indicated that more than 200,000 individuals are enrolled in products that do not include prescription drug coverage or provide drug coverage subject to a deductible. The proposed standards that have been discussed would leave individuals and small businesses with fewer options and force them to purchase more expensive coverage.

The proposed standards will also exacerbate the expected increase small businesses face as a result of the nongroup/small group merger. In addition to current premium increases, it is estimated that small group premiums will rise 1 percent to 1.5 percent due to the merger, representing an approximate \$25 million to \$38 million subsidization of nongroup plans by small employers. The increase will be exacerbated for individuals and small employers with coverage that does not meet the MCC standards and are forced to purchase more expensive options.

No small business is the same. What is right for one small business may not be appropriate for another. For all of these reasons, we would urge the Connector to adopt an approach that allows for a wide array of products under the standard for minimum creditable coverage.

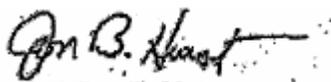
Sincerely,



William Vernon
Massachusetts State Director
National Federation of Independent Business



Peter Forman
President & CEO
South Shore Chamber of Commerce



Jon B. Hurst
President
Retailers Association of Massachusetts



Richard B. Kennedy
President and CEO
Worcester Regional Chamber of Commerce



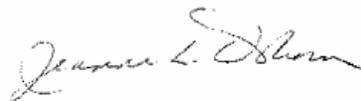
Patrick Moscaritolo
President & CEO
Greater Boston Convention & Visitors Bureau



Christopher Cooney
President & CEO
MetroSouth Chamber of Commerce



Chris Flynn
President
Massachusetts Food Association



Jeanne L. Osborne
President and CEO
Greater Lowell Chamber of Commerce

Peter G. Christie

Peter G. Christie, CAE
President & CEO
Massachusetts Restaurant Association

Deanne M. Healey

Deanne Healey
Executive Director
Peabody Chamber of Commerce

Diana O'Donoghue

Diana O'Donoghue
Executive Director
New England Convenience Store Association

Frank Anzalotti

Frank Anzalotti
Executive Director
Massachusetts Package Store Association