

**Rep. Anthony DeLuca**  
**Message to Small Business**

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As Chairman of the House Insurance Committee, and someone who began his career in small business, I have a unique perspective of the health care issues facing small businesses today. I have conducted a number of public hearings on this subject, and owners and operators of small business have uniformly expressed their desire to have solid health insurance available for their employees, and to have this coverage available at reasonable rates. Unfortunately this is becoming exceedingly more difficult for small employers in today's environment.

Recent hearings conducted by the House Insurance Committee, which I chair, underscore the need for reform of the small group market in the Commonwealth. As was pointed out by several presenters, including a panel from SMC Business Council, Pennsylvania is only one of two states to not adopt the market reforms necessary to protect small employers from significant rate increases. The reforms must also address other marketplace phenomena that effectively force small business to forgo coverage for its employees.

The reforms that need to be implemented are required to ensure a smooth transition from the current fractured health care insurance system to the federal health care reforms that become effective in 2014. These measures include creating an environment where competition between carriers can flourish so that small business has a variety of options with which to tailor coverage for its employees, and can do so at affordable rates. Pennsylvania's market has not always been perceived as being competitive, and to assist in developing this environment, we need to empower small employers with the ability to leverage their buying power, and to do so within a safe regulatory environment. Additionally, small employers need protection from uncertainty and protection from unanticipated premium increases.

House Bill 746, which I sponsored, addresses all these issues and does so comprehensively. Highlights in the bill include:

- Stabilization of annual premiums through a fair and reasonable rate cap;
- Development of a standard benefit plan for use in the industry;
- Inclusion of wellness credits for promotion of healthy behavior (e.g. quitting smoking);
- Reasonable rating restrictions that are dictated by the dominance of the carrier in the market;
- Adoption of many NAIC reforms into the regulatory environment of the Commonwealth.

Adoption of this legislation over the short term will act to the benefit of small employers and their employees, and help minimize the rising costs of health insurance. Without this legislation, small business can expect the substantial rate hikes that were recently implemented to continue.

I urge you to contact your state Senator to seek swift consideration of this important legislation.