



Department of Labor
Office of Regulations and Interpretations,
Employee Benefits Security Administration,
Room N-5655, U.S. Department of Labor,
200 Constitution Avenue NW,
Washington, DC 20210

Attention: Definition of Employer—Small Business Health Plans RIN 1210–AB85.

Comments: Proposed Rule 29 CFR Part 2510–AB85 Definition of “Employer” Under Section 3(5) of ERISA—Association Health Plans

On behalf of the nearly 5,000 manufacturing organizations in the state of Colorado, I am writing to urge the swift and efficient adoption and implementation of the proposed rule expanding access to healthcare through Association Health Plans.

More than eighty percent (80%) of the manufacturers in Colorado have 20 or fewer employees. Colorado manufacturers are responsible for \$22.58 billions in total economic output in the state. Colorado manufacturers are bullish on the US economy these days. Unit labor costs, with productivity increases, have made US markets very competitive against European and Asian Markets. Energy costs are down, demand for durable goods continue to grow.

The continued storm of rising health care costs is preventing further growth in the manufacturing sector. According to the National Association of Manufacturers (NAM) Outlook Survey, 74.8% of respondents mentioned that healthcare insurance expenses are a top challenge to remaining competitive.

According to the Kaiser Family Foundation, the average annual cost for a family plan in the manufacturing sector in 2000 was \$6,549. In 2016, that figure was \$18,419. Colorado manufacturers understand the importance of providing health care coverage to recruit and retain their employees. Without these employees, they cannot produce the parts and products currently in demand. However, these out-of-control costs make it extremely difficult to remain competitive in the global market. An either/or option is not viable for manufacturers.

I would also add that rising health care costs are consuming an exceedingly large portion of a family's disposable income. It is this disposable income that is used to purchase the durable goods that drive the manufacturing sector. As consumers lose their purchasing power to health care costs, they are forced to utilize cheap offshore “knock-offs.” This too does not support US manufacturers.

With this, we urge the adoption of the Proposed Rule in a timely fashion.

As proposed this rule will:

- Allow collaboration between small manufacturers for collective buying power in the health insurance marketplace to combat the competitive disadvantages they face;
- Create a significantly larger and stable risk pool through this collaboration, opening the door for competitive pricing from insurance carriers;

- Allow small manufacturers to bring operating efficiencies into their HR departments through lower internal health care administration costs with this collaboration;
- Encourage small manufacturers to take increased ownership of and responsibility for “Their Health Plan” and therefore institute Health and Wellness Programs and increased Utilization Education as well as other cost containment strategies to ensure the long-term vitality of said plan;
- Increase the number of American’s covered under an employer-provided health care plan;

While we are supportive of a broad definition of the term “Employer,” (§2510.3-5), we urge caution in making the term too broad. Noting that as proposed the rule would not require that the group be a pre-existing organization, we are concerned that too loose of rules could prevent a competitive pool of carriers to engage in Association Health Care plans. Too lax of rules, could prove to be self-defeating to the overarching goals of this proposed rule.

In advance, we thank you for your consideration.

Sincerely,



Tim Heaton
President
Colorado Advanced Manufacturing Association