

House Overwhelmingly Passes SIIA-Backed Self-Insurance Bill – Seeking Similar Senate Result

When the U.S. House of Representatives approved H.R. 1304 The Self-Insurance Protection Act (SIPA) by a landslide vote of 400-16, SIIA and the self-insurance industry were halfway toward gaining strengthened protection against the government being able to define stop-loss insurance as health insurance with all the resulting taxation and regulatory challenges.

It remains for the U.S. Senate to pass comparable legislation for the industry to breathe a great sigh of relief.

“This issue has been like the sword of Damocles hanging over our heads for decades,” said Larry Thompson, chairman of SIIA’s Government Relations Committee and regional president of Pomco Administrators, Inc. of Fresno, California, who has nearly 30 years of involvement with the organization including a term as chairman.





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SIPA was sponsored in the House by Dr. Phil Roe (R-TN). It would clarify existing law to ensure that federal regulators would not be able to re-define stop-loss insurance as traditional “health insurance” under the ERISA law or the Internal Revenue Service tax code. SIA stated that the law would result in small- and mid-size private sector employers as well as smaller Taft-Hartley plans and public sector employers being secure in continuing to provide high-quality health benefits to their workers and members through self-insured group health plans.

Now SIA is campaigning for a SIPA mirror bill in the Senate according to Ryan Work, vice president of government relations. Sponsors were being lined up and bill language was written in the wake of the House vote. “With a 400 to 16 vote in the

House, our hope is to continue with bipartisan and broad support in the Senate,” Work said.

The victory in the House had its own challenges. SIPA was first introduced during the prior administration and never reached the floor for a vote. SIA government relations staff and members were determined to leave no margin of error for the bill’s success during the current session. Work estimates that more than 100 meetings were held by SIA members and staff with pivotal members of the House.

Bob Clemente, SIA chairman-elect, was a leading advocate of SIPA during visits to House members and staff. Founding chairman of Specialty Care Management of Lahaska, Pennsylvania, Clemente made six trips to Washington, each time visiting several House offices with Ryan Work. He was encouraged by the bipartisan reception of the SIPA message which resulted in the strong 400-16 acceptance of the bill.

“We were apparently able to separate SIPA from other health care issues in the minds of legislators,” he said. “Both Democratic and Republican Congressmen each have many thousands of constituents whose health coverage is provided by self-funded plans, and stop-loss insurance is an integral element of that. Now our job is to take this same message to members of the Senate.”

A pivotal point in SIPA's progress in the House was the hearing by the House Education and Workforce Committee titled "Legislative Proposals to Improve Health Care Coverage and Provide Lower Costs for Families" on March 1, 2017. Health care, of course, had been the hot topic in Washington as the administration and House leaders attempted to repeal and replace the Affordable Care Act (ACA). Even as that attempt was suspended, observers note that the appetite for health care coverage improvements had been stimulated.

Jay Ritchie, SIA chairman and executive vice president of Tokio Marine HCC Stop-Loss Group, testified that morning, delivering a ringing endorsement for SIPA based on the coverage provided for an estimated 100 million Americans by self-insured employers and Taft Hartley plans. Much of his testimony dealt with the importance of stop-loss insurance to plans that are not large enough to self-fund the largest claims.

"Stop-loss is what makes self-insurance work," he said. "If regulators are permitted to redefine stop-loss coverage as health insurance, the availability and access to stop-loss will be significantly reduced. This would eliminate the most valuable aspects of self-insurance and restrict plans to a limited amount of health insurers.

This would also lead to self-insurance being available for the largest organizations and we would see its benefits and advantages eliminated for the small- and medium-sized organizations that need access to it the most."

Ritchie told committee members that SIPA simply seeks to amend the definition of "health insurance coverage" under the Public Health Services Act (PHSA) and parallel sections of ERISA and the Tax Code to clarify that stop-loss insurance is not health insurance. The legislation does not amend the ACA and – a popular point with legislators – it carries no cost.

Now SIA's campaign continues in the Senate to protect the ability of self-insurance to be the most efficient and effective form of U.S. health care. ■

SIA member inquiries about this or other federal government relations issues are welcome to contact Ryan Work at rwork@siaa.org or (202) 595-0642.





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