



March 3, 2022

Chairman Gray and Members of the Committee on Health:

Thank you for the opportunity to provide comments on B24-0305 the Professional Employer Organization Registration Action of 2021, that would exempt Professional Employer Organizations (PEO) from complying with consumer protections outlined in the Affordable Care Act.

The undersigned organizations represent millions of individuals facing serious, acute and chronic health conditions across the country. Our organizations have a unique perspective on what patients need to prevent disease, cure illness and manage chronic health conditions. The diversity of our groups and the patients and consumers we represent enables us to draw upon a wealth of knowledge and expertise and serve as an invaluable resource regarding any decisions affecting state health insurance marketplaces and the patients that they serve. Based on this our organizations **strongly oppose** this legislation.

Our organizations believe that everyone should have quality and affordable healthcare coverage. Exempting a group of employers – including Professional Employment Organizations, as B24-0305 does – from these protections would not provide consumers with the coverage that they need to stay healthy and would be particularly harmful for patients with pre-existing conditions like asthma, COPD, cancer and heart disease.

If exempted from small group requirements, PEOs would not be required to provide the same robust benefits as health insurance plans in the exchange are required to cover, such as the ten essential health benefits including prescription medications and hospitalizations. Patients with lung disease, cancer and heart disease have unique health needs. Comprehensive coverage is vital for all of the patients we represent, and they need to have access to the medications, treatments, and specialists they require to manage their conditions and stay healthy.

This legislation would allow PEOs to discriminate against certain populations, including women or employees of certain industries, by charging them higher rates simply because of their health status. Additionally, plans offered by PEOs would not have to maintain basic network adequacy standards, which could result in patients not being able to get the care they need.

We understand the challenges small businesses and self-employed people have in finding affordable healthcare coverage but exempting a subset of employers such as PEOs will not result in more people with healthcare that is affordable, adequate, and accessible.

We fear that B24-0305 could result in more segmentation of the marketplace. PEOs could cherry-pick certain businesses with healthier employees, driving up premiums in the marketplace.

There is a history of PEOs collecting health insurance premiums and not paying claims, collecting workers' comp premiums and not buying insurance, and collecting payroll taxes and not paying the IRS.<sup>i,ii,iii</sup> Exempting PEOs from state oversight and enforcement provisions increases the risks of scams and fraud. This is not what our District residents need right now. This is especially true in light of the COVID-19 pandemic, which has highlighted the critical importance of adequate, accessible and affordable healthcare.

Similar plans also have a history of fraud and insolvency. If this continues, patients could pay their premiums but still not have the coverage they were promised when they get sick. This could leave patients with cancer, heart disease, and other expensive illnesses with massive medical bills or force them to forgo needed treatment.

Our organizations are committed to working with you to expand access to quality and affordable health coverage but exempting Professional Employment Organizations from being required to offer ACA compliant plans is not the right solution. As the Council has always made difficult decisions with the best interest of the health of district residents at the forefront, we respectfully ask the Committee on Health to **vote NO** on B24-0305 and continue to protect district residents.

Sincerely,

American Cancer Society, Cancer Action Network  
American Heart Association  
American Lung Association  
The Leukemia & Lymphoma Society  
The AIDS Institute  
National Multiple Sclerosis Society  
Cystic Fibrosis Foundation  
National Organization for Rare Disorders  
Arthritis Foundation  
American Diabetes Association  
Hemophilia Federation of America  
Hemophilia Association of the Capital Area  
Cancer Support Community  
Epilepsy Foundation  
American Kidney Fund

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<sup>i</sup> US Labor Department Sues Florida Outsourcing Company, Fiduciaries, Service Providers To Restore \$1.5 Million to Health, Welfare Arrangement, Aug. 11, 2016, available at [dol.gov/newsroom/releases/ebsa/ebsa20160825-0](https://www.dol.gov/newsroom/releases/ebsa/ebsa20160825-0). Federal Agents Seize HB Resident's Boat, Car, The Islander, available at [islander.org/2012/12/federal-agents-seize-hb-residents-boat-cars](https://www.islander.org/2012/12/federal-agents-seize-hb-residents-boat-cars).

<sup>ii</sup> Fla. Workers' Comp Fraud Results in 14 Year Prison Sentence, Insurance Journal, May 21, 2007, available at [insurancejournal.com/news/southeast/2007/05/21/79853.htm](https://www.insurancejournal.com/news/southeast/2007/05/21/79853.htm)

<sup>iii</sup> Twenty-Seven Victims of Fraud Scheme to Receive Restitution Totaling \$2.9 Million, U.S. Atty Office Middle District of Florida, June 02, 2009, [archives.fbi.gov/archives/jacksonville/press-releases/2009/ja060209.htm](https://www.archives.fbi.gov/archives/jacksonville/press-releases/2009/ja060209.htm)