

Cooperating for Health Care

The Alliance for Employee Benefit Cooperatives works for change

BY ROSEMARY MAHONEY AND KELLY SMITH

As the Obama administration undertakes the process of reforming our health care system, a critical piece of the puzzle will be to expand coverage among small businesses and their employees. Promoting a cooperative solution is the purpose of The Alliance for Employee Benefit Cooperatives (www.aebc.coop), a broad-based coalition including the National Cooperative Grocers Association (NCGA) and other cooperative organizations committed to advancing health care and benefits coverage for American workers and families through the creation of “employee benefit cooperatives” (EBCs).

Generally speaking, compared with larger employers, independent small businesses lack the economies of both scale and expertise in providing health, retirement and other employee benefits to their workers. For this reason, millions of small business employees do not receive health care and benefits coverage, and small business employers that do provide benefits often struggle to maintain these programs.

Although food co-ops are typically leaders in areas such as paying living wages, the ability to use our collective purchasing power to provide a wider variety of benefits to co-op employees at a lower cost is a huge opportunity. Unfortunately, existing statutes do not allow cooperative enterprises of independent businesses to be considered single employers for purposes of employee benefits.

Through the Alliance, NCGA seeks to position EBCs as an organizing means to complement health benefits reform. Specifically, the Alliance



seeks to amend the Employee Retirement Income Security Act (ERISA) to allow EBCs to form and function as a single employer. This would increase small business access to programs such as retirement plans, pretax premium conversion facilities, medical flexible spending, dependent care, 105(h) reimbursement accounts and more.

Members of the Alliance believe that employee benefit cooperatives can help independent businesses remain strong by offering competitive and well-managed employee benefit programs that are important for employee retention and hiring, and by freeing up valuable management time. Through cooperatives, the cost and quality of employee-benefit programs can be significantly enhanced, allowing independent businesses like our members to offer a total integrated human resources solution.

Since its inception in 2008, the Alliance has been working to generate legislative support for EBCs. In April 2009, William Oemichen testified on behalf of the Alliance before the Health,

Education, Labor, and Pensions subcommittee of the House Education and Labor Committee. Congressman Robert Andrews (D-N.J.) remains our primary House advocate, and we are seeking support in the Senate. At the same time, we continue efforts to expand and build credit union and farmer membership in the Alliance. While the timing of full health care reform remains unclear, the Alliance remains focused on finding a legislative vehicle for EBCs in 2009 as a complement to whatever progress is made. We look forward to keeping you updated on the progress of the Alliance.

Late breaking news

At press time for this issue, we are pleased to note that the Alliance has succeeded in getting core language into the Education and Labor markup of the America’s Affordable Health Choices Act HR3200.

Although the name has changed (from Employee Benefit Cooperatives to Small Employer Benefit Arrangements or SEBAs), the structure follows the Alliance framework: SEBAs are democratically controlled, not-for-profit cooperatives and a SEBA’s members have to be in same line of business.

The Alliance has strong support for SEBAs in the Ways and Means committee and hopes to build on this language to ensure SEBAs are explicitly defined as Section 1381 cooperatives and recognized as single employers, and that SEBA members qualify for any tax credits or other benefits provided to small businesses in the health care reform legislation. ■



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