

The Council for Affordable Health Insurance



February 11, 2005

The Honorable Mark Kennedy
U.S. House of Representatives
1415 Longworth House Office Building
Washington, D.C. 20515

Dear Rep. Kennedy:

On behalf of the Council for Affordable Health Insurance (CAHI) we are writing to express our support for H.R. 765, the Fair Care for the Uninsured Act of 2005. CAHI was organized in 1992 as a research and advocacy organization devoted to positive, market-based health care reforms that preserve freedom of choice for individuals and encourage a competitive health insurance market.

The bill would provide a tax credit of \$1,000 per individual, \$2,000 per couple and \$500 per child, up to a \$3,000 maximum per family. The credit amount is indexed to the CPI inflation measure, in \$50 increments. Eligible individuals are limited to those who do not receive subsidized health benefits through their employer or governmental health plans, thereby putting individuals who privately purchase health insurance on an equitable tax footing with employer sponsored health plans.

We are pleased that the Fair Care Act recognizes the need to ensure availability of health coverage for individuals with high health costs. The legislation would require all states that have not established a high risk pool as of the date of enactment to establish one. Further the state would be required to establish a high risk pool in accordance with the requirements of the *Model Health Plan For Uninsurable Individuals Act* as adopted by the National Association of Insurance Commissioners.

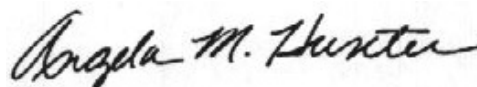
Lastly, the legislation recognizes the need for reliable, affordable and flexible health plan coverage through the creation of Individual Membership Associations (IMAs). Bona fide membership associations, such as the Kiwanis Club, could offer individual health insurance to their members through an IMA. Health benefits coverage would be fully insured through associations contracting with state licensed health insurance companies. The IMA would be required to offer at least two health insurance options: one that complies with all state mandates and one that is not required to contain all state mandates. IMAs would provide tailored benefit packages in response to membership needs in addition to providing flexibility and affordability.

Fair Care will ensure all Americans get **fair care** by providing an equitable health insurance tax credit, access for those who need it most through state-run qualified high-risk pools, and flexible and affordable health insurance options through Individual Membership Association plans. We applaud your continued commitment to advancing affordable health insurance legislation.

Sincerely,



Merrill Matthews
Director



Angela M. Hunter
Director of Federal Affairs