



Council for
Affordable Health
Insurance

2004 Annual Report

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When CAHI was founded 12 years ago, it laid out eight free market-oriented principles to guide its public policy advocacy—Tax Fairness, Guaranteed Access, Personal Responsibility, Premium and Pricing, Liability and Responsibility, Disclosure, Education, No Mandated Benefits.

The organization has never strayed from those principles; indeed, the country is coming around to

CAHI's way of thinking. We believe that our efforts over this past year were responsible for numerous policy and legislative victories that have limited government intrusion in the health insurance marketplace and expanded consumer choice. Without CAHI's voice and efforts, health insurance and the health care system would be significantly different—and much worse.

The progress we have made together in making CAHI's vision a reality is illustrated by the accomplishments detailed in this report. I am pleased to tell you that CAHI has made significant headway in all aspects of our work—securing federal and state legislative victories, stepping up our communications efforts, building a grassroots network, broadening our membership base, and increasing our contact with state and federal legislators and regulators.

Some key trends have made the accomplishments over the past year possible:

We have expanded our reach in the industry.

CAHI membership is now a broad cross-section of industry stakeholders. From traditional risk-bearing companies to third-party administrators to actuaries and agents, our membership illustrates what a diverse industry can accomplish by speaking with one voice.

We have opened direct lines of communication between political and industry leaders.

In addition to becoming a known figure at national conferences such as ALEC, NCOIL and NCSL, CAHI has hosted an impressive array of political leaders at our board meetings and briefings, including Rep. Lee Terry (R-NE), Rep. Jim DeMint (R-SC), Rep. Mike Pence (R-IN) and Kevin Knopf, Advisor, U.S. Treasury.

We have brought the media to us.

By hosting informal, off-the-record policy lunches, CAHI has given members of the media an opportunity to learn who we are and what our position is on health policy issues. Our views have been featured in top trade publications like *AM Best* and *Business Insurance*, as well as in national outlets, such as the *Wall Street Journal* and the *Washington Post*.

Much has been accomplished; but much remains to be done. The next few years are critical to achieving our goals of reducing government interference in the health insurance system, expanding consumer-driven options and increasing access to affordable health insurance.



**CAHI's
2003-2004 Board of Directors**

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Jeff Burman, Chairman
Guarantee Trust Life Insurance Company

Gerald Meach, Treasurer
American Community Mutual

Mark Litow, Vice Chairman
Milliman USA

Phil Myhra, Vice Chairman
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Michael Abbott
American Republic Insurance Company

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Equitable Life and Casualty

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Medical Savings Insurance Company

Whether securing legislation that continues to improve the economic climate for our member companies, amending legislation with unintended consequences or successfully blocking legislation that would impose onerous burdens on the industry, CAHI has delivered extraordinary value to every member company through its advocacy work before the United States Congress and in many state legislatures over the past year.

Health Insurance Tax Credits

Tax credits have long been a cornerstone CAHI priority and we continue to lead the way in promoting federal tax credit initiatives. To urge Congress to pass the Fair Care for the Uninsured Act (which provides a refundable, advanceable tax credit of \$1,000 for an individual, \$2,000 per couple, and \$500 per child, for a maximum of \$3,000 per household), CAHI ran an ad campaign in the Washington, D.C. media market in the Fall of 2003 and continues to promote the bill on Capitol Hill and in the media. The first victory came two years ago when Congress passed a tax credit in the Trade Bill – without the guaranteed issue provision that some of Republican leadership supported and CAHI so vigorously, and almost single-handedly, opposed. That legislation has laid a foundation to build on: refundable tax credits are a key provision of Republican health care reform.

State Mandates and Guarantee Issue

Another hallmark CAHI issue -- fighting state mandates and guarantee issue -- was highlighted on many fronts. In June, 2004, CAHI helped to introduce legislation in the U.S. House of Representatives which would permit consumers to purchase affordable individual health insurance policies across state lines. Thus, individuals who do not have access to low-cost policies in their own state due to guarantee issue provisions or numerous mandated benefits would be able to purchase affordable policies from another state. To help promote this legislation, CAHI helped organize a coalition called the Health Care Choice Coalition (HC3), and conducted a poll which showed that a high percentage of people support being able to purchase health insurance across state lines. We have focused additional attention on the problem of state mandates by publishing a report listing the mandated benefits in all 50 states, which has received significant media attention, plus support from numerous groups. For example, the NFIB asked is it could send a copy of the report to its 50 state lobbyists.

Risk Pool Funding

Expanding and securing federal funding for state high risk pools is a critical component in fighting state guarantee issue provisions. Over the past year, CAHI has helped draft legislative language for a one-year, \$40 million extension of operational grant money to state risk pools and has led the way in developing grassroots support for the bill—The State High Risk Pool Funding Extension Act of 2004—which was introduced in the Senate in April. CAHI federal affairs staff is working with the House of Representatives’ Energy and Commerce Committee to introduce a companion bill by October 2004.

Health Savings Accounts

Few ideas are more identified with an organization than HSAs (and MSAs) have with CAHI. HSAs are now the law of the land, and CAHI, in conjunction with its HSA Working Group, has been working to educate the industry and the public about the new law, providing feedback to the Treasury about the regulations and looking for areas to expand their availability, such to federal employees (which the Office of Personnel Management recently said it will permit).

Long-Term Care Insurance

One of the biggest financial threats facing the states is the cost of long-term care, primarily a result of lax state eligibility rules that allow middle- and upper-income people to qualify for the program. CAHI decided to address this issue head-on and has published a first-ever profile of 10 states highlighting what they are doing right and wrong. In addition, Rep. Lee Terry has introduced CAHI-proposed legislation that would allow people to pay their LTC premiums with tax-free dollars from their IRAs and 401(k) accounts. The legislation has garnered strong bipartisan support and may become the primary LTC-reform vehicle in the near future.

Universal Health Care

An economic downturn, accompanied by a rise in the uninsured, always provokes calls for the U.S. to adopt a single-payer system. CAHI has several ways of fighting the call, with publications, briefings and FactCheckers (www.factcheckers.org), which highlights news articles from single-payer countries to provide first-hand accounts of the struggles patients face in single-payer countries.

CAHI's 2003-04 ISSUES		
Association Group Insurance	Long-Term Care Financing	Prompt Pay
Guarantee Issue Opposition	Market Conduct	Refundable Health Insurance Tax Credits
Health Savings Accounts	Medicaid Reform	Single-Payer Proposal Opposition
High Risk Pool Funding	Medicare Reform	State HSA Tax Deductibility
Hospital Pricing	NAIC Closed Block Issue	
List Billing	PPO Issues	

CAHI Spreads the Word

In the News

In 2003-04, CAHI's profile continued to grow as a result of increasing coverage in both print and broadcast media. Our successful communications efforts have resulted in CAHI being featured in national news media outlets such as *Kiplinger's Personal Finance*, the *Wall Street Journal*, *Investor's Business Daily*, *National Journal* and the *Washington Post*. Trade publications, such as BNA's *Health Care Daily Report*, *AM Best* and *Business Insurance* have come to rely on CAHI's expertise when covering topics ranging from state mandates to funding for high risk pools to regulations governing Health Savings Accounts.

CAHI Director Merrill Matthews has also taken our message to the airwaves as a guest on nationally syndicated radio shows hosted by Chuck Harder, Greg Allen, Brad Davis, Jane Silk and Armstrong Williams, and has appeared on NPR's *Sound Money*.

Our media success is yet another indicator of CAHI's status as a strong and credible voice for the health insurance industry.

In Publications

A major area of growth over the past year has been CAHI publications. In addition to regularly publishing our "Issues & Answers" series, we have produced several in-depth reports which have drawn media and legislator attention to important policy issues such as the impact of state mandates, the critical need for long-term care financing reform and the importance of shifting from public to private health care solutions for seniors before the "age wave" crests. We have expanded our "guide" series to include a legislators' guide to seniors' health care issues, and updated our voters' guide to reflect activity in the 108th Congress.

By Keeping Members Informed

CAHI has worked over the past year at refining communications efforts with members. Our biweekly e-newsletter, *ACCESS*, provides members with the latest on CAHI activities as well as highlights issues and news items that may have gone unnoticed, but may have an impact on our industry. In spring 2004 we launched our new members-only website. The redesigned site gives members access to new features such as member company news; committee schedules, rosters and minutes; CAHI Action Alerts and talking points on key issues; custom legislative tracking reports and legislative text for over 4,000 bills; and a searchable database of state mandates.

At Briefings and Conferences

Over the past year, CAHI has hosted several important briefings, designed to educate, as well as increase CAHI's visibility. In December 2003 and May 2004 we held our first media luncheons which included members of the press from the *L.A. Times*, *USA Today*, *Washington Post* and the *Weekly Standard*, as well as many others. These off-the-record forums have become an important part of CAHI's media outreach program and provide an opportunity to make our issues and viewpoint known to the press.

In addition to the media luncheons, CAHI hosted a Capitol Hill briefing to publicize the plight of the working uninsured who are routinely overcharged by hospitals, and held two national telebriefings to answer questions about the recently-issued U.S. Treasury regulations on Health Savings Accounts (HSAs). Featuring key industry executives, health policy experts as well as a U.S. Treasury official, the telebriefings helped educate scores of insurance professionals about the requirements governing HSAs.

CAHI Publications — Issues & Answers	Studies & Reports
<i>The Grand Illusion: The Perennial Quest for a Single-Payer Health Care System that Works</i> , By Merrill Matthews Jr., Ph.D No.127, July 2004	<i>Kerry vs. Bush: The Future of Health Care Reform</i> By Victoria Craig Bunce and Merrill Matthews September 2004
<i>Association Group Insurance and Association Health Plans: They Are Not the Same</i> By Victoria Craig Bunce and Merrill Matthews Jr., Ph.D No.126, July 2004	<i>The Long-Term Care Dilemma – What States are Doing Right, and Wrong</i> By Steve Moses September 2004
<i>Answering Your Questions About Health Savings Accounts</i> , By Victoria Craig Bunce No.125, July 2004	<i>Health Insurance Mandates in the States 2004</i> By Victoria Craig Bunce and JP Wieske July 2004
<i>HSAs, HRAs or FSAs: Which Consumer-Driven Health Care Option Should You Choose?</i> , By Victoria Craig Bunce No. 124, March 2004	<i>2004 State Legislators' Guide to Health Insurance Solutions</i> By JP Wieske and Jim Frogue January 2004
<i>Can Government Force People to Buy Insurance?</i> , By Greg Kelly No. 123, March 2004	<i>Senior Century: A Legislators' Guide to Seniors' Health Care Issues</i> By Merrill Matthews and Jim Frogue May 2004
<i>Profiting from the Uninsured</i> , By Randy Suttles and Merrill Matthews, Jr., Ph.D. No. 122, February 2004	<i>2004 Voters' Guide to Affordable Health Insurance</i> By Angie Hunter and Merrill Matthews September 2004
<i>An Affordable Way to Help the Uninsured</i> , By Merrill Matthews, Jr., Ph.D., and Victoria Craig Bunce No. 120, November 2003	

CAHI Membership Matters

CAHI continues to expand its membership base, reaching out not only to traditional, risk-bearing insurers, but also to plan administrators, provider networks and producers. Since October 2003, we have been honored to welcome the following new members:

IPoint Solutions
Barry Stokes, President/Owner
Dickson, TN
www.1pointsolutions.com

HealthEquity, Inc.
Stephen Neeleman, MD, CEO
Tucson, AZ
www.healthequity.com

National LTC Network
Terry Truesdell, President
Gurnee, IL
www.nltcn.com

WI Association of Provider Networks
Daniel Schwartzner, Executive Director
Madison, WI

Action Team

In April 2004, the CAHI *Action Team* was officially launched. This new grassroots membership level was created to provide timely, pertinent information to insurance professionals and others who want to be prepared

CAHI Membership by the Numbers:

Full Members – 10
Affiliate Corporate Members — 8
Affiliate Non-Profit Members — 2
Affiliate Individual Members — 11
Action Team Members — 485

not only to refute the calls for socialized medicine, but to educate elected officials, the media and the public on how to ensure that all Americans have access to affordable health insurance. Within 3 months of announcing the initiative, approxi-

mately 500 producers and other interested parties had enrolled, and in June 2004, the Action Team was profiled in *National Journal*.

Action Team members pay annual dues of \$20 and benefits include a monthly e-newsletter; action alert notifications and talking points on the latest legislative developments; an Action Team-only website with a networking discussion group; and grassroots training tips.

CAHI Committees

Since September 2003, CAHI has added several new working groups to address specific policy and legislative concerns raised by members. As with CAHI committees, the working groups have been critical in developing CAHI policy and advocacy strategies.

CAHI members volunteer innumerable hours participating on CAHI committees and working groups. Their outstanding efforts have played a critical role in our success.

- **Federal Affairs Committee**
Ralph Scott, Chair
UICI
- **State Affairs Committee**
Marianne Eterno, Chair
Guarantee Trust Life Insurance Company
- **Senior Focus Committee**
Kendall Surfass, Chair
Equitable Life and Casualty
- **Research & Policy Committee**
Mark Litow, Chair
Milliman USA
- **HSA Working Group**
Dan Perrin, Chair
HSA Coalition
- **High Risk Pool Working Group**
Ad hoc; no permanent chairperson
- **Single-Payer Working Group**
Mark Litow, Chair
Milliman USA