

# 2005 PROGRESS & PROSPECTS



Council for  
Affordable Health  
Insurance



## DIRECTOR'S MESSAGE



The health insurance industry continues to face enormous challenges, both in devising new and innovative products that provide consumers with desirable and affordable health insurance options, and fighting off burdensome, re-

dundant and costly regulations that drive up costs or drive out insurers.

The current challenges have caused many to throw up their hands and wonder "How?"

- How can we improve the environment for the health care industry?
- How can we reduce the number of uninsured?
- How can people find access to affordable health coverage?
- How can we control runaway costs in Medicare and Medicaid?

The Council for Affordable Health Insurance knows how!

Over the past year CAHI has shown again and again that by giving policymakers realistic solutions for market-based health care reform, we can find answers. And, by promoting our ideas in the media and to the industry and consumers, those answers become reality.

Our goal is to impart that know-how to our members so that, working together, we become doubly effective.

Faithfully,

Merrill Matthews, Ph.D.  
Director

### CAHI 2004—05 Board of Directors

**Chairman—Jeff Burman**  
Guarantee Trust Life Ins Co.

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Golden Rule Insurance Co.

**Director—E. Rod Ross**  
Equitable Life & Casualty

**Director—Randy Suttles**  
Medical Savings Insurance Co.

### CAHI 2004—05 STATE & FEDERAL PRIORITIES:

Agent/Broker Issues

Any Willing Provider

Association Group Insurance

Community Rating

Long-Term Care Financing

Market Conduct

Medicaid Reform

Medicare Reform

# POLITICAL KNOW-HOW

How do we accomplish our goal of improving the legislative and regulatory environment for the industry? By securing legislation that improves the economic climate for our member companies and successfully blocking legislation and regulations that would impose onerous burdens on the industry. But rather than simply tell legislators what not to do, CAHI proposes realistic solutions and gives legislators a roadmap for reform.

**State Mandates and Regulations:** Developing better alternatives to onerous mandates and rating requirements such as guaranteed issue is a CAHI priority. As in 2004, CAHI worked to gather support for legislation in the U.S. House of Representatives which would permit consumers to purchase affordable individual health insurance policies across state lines. The Health Care Choice Act would provide real choice for consumers who do not have access to low-cost health insurance in their own states due to guaranteed issue provisions or excessive regulations and mandates. To educate consumers about this important legislation, CAHI launched a radio and print ad campaign in Maine, New Jersey, New York and Massachusetts in the fall of 2004. Additionally, CAHI hosted a congressional staff briefing on the bill and CAHI director Merrill Matthews testified at a congressional hearing about the legislation.

Another critical component in fighting state guaranteed issue provisions is expanding and securing federal funding for state high risk pools. As the recognized leader on this initiative, CAHI provides critical information and assistance to federal legislators, state risk pool administrators and state departments of insurance regarding federal legislation that would provide additional funding for risk pools. Additionally, in July 2005 CAHI successfully worked for the passage of the State High Risk Pool Funding Extension Act in the U.S. House of Representatives and is actively promoting passage of the Senate companion legislation.

**Health Savings Accounts:** CAHI and the HSA Working Group continue to educate consumers, policymakers and the media about HSAs and consumer directed health care options. Over the past year, as new HSA rules and regulations were released, CAHI worked directly with Department of the Treasury staff, alerting them to member concerns and questions about the new rules. CAHI's HSA Working Group continued to provide members with much-needed guidance on implementing the regulations, and released a state implementation report highlighting the roadblocks to marketing HSAs in some states. Additionally, CAHI responded immediately to erroneous reports in the media and from other policy organizations seeking to discredit the positive impact HSAs have already had.

**Discount Medical Plans:** With the rise of consumer directed health care products such as Health Savings Accounts, other innovations such as discount medical plans and value-added products have come to the forefront in regulatory debates. Regulators want to enact rules that protect consumers; however, they lack consensus on what to do. Rather than wait for well-intentioned but potentially damaging regulations to be promulgated, CAHI has taken the lead in 2005 by creating a new Value Added Products (VAP) committee consisting of key players in the market. The VAP will develop guidelines for legislators and regulators to ensure positive regulations that benefit both the consumer and this growing industry are put in place.

**Single-Payer Proposals:** Despite the overwhelming evidence that government-run health care systems do not work, the calls for a single-payer system in the U.S. keep coming, especially from the states. Since its founding, CAHI has fought these initiatives both in the states and in the federal government, and will continue to do so. In 2005, CAHI actively opposed single-payer initiatives in California, Vermont and Illinois. The "Healthy Illinois Act," if passed, would have transferred control over all health care resources and spending to the state, as well as increased premium taxes by 4% to pay for the program.

Additionally, through publications, op-eds and press releases, CAHI highlighted the problems with other state-run programs such as Maine's Dirigo Health and Tennessee's Medicaid alternative, TennCare. And, CAHI continues to publicize the reality about single-payer systems through FactCheckers.org, a coalition website which provides first-hand news accounts of the struggles patients face in countries with government-run health care systems.

## CAHI Guest Speakers 2004—05

### Members of Congress

Representative Michael Burgess (R-TX)  
 Representative Sam Johnson (R-TX)  
 Representative Mark Kennedy (R-MN)  
 Representative Patrick McHenry (R-NC)  
 Representative Mike Pence (R-IN)  
 Representative Pete Sessions (R-TX)  
 Representative John Shadegg (R-AZ)  
 Representative Lee Terry (R-NE)  
 Senator Jim DeMint (R-SC)

### Policy Experts

Larry Barry, President  
 Illinois Life Insurance Council  
 Tarren Bragdon, Director of Health Reform Initiatives  
 Maine Heritage Policy Center  
 Chuck Clapton, Counsel  
 US House of Representatives  
 Committee on Energy & Commerce  
 Tim Goeglein, Deputy Director  
 White House Office of Public Liaison  
 Frank Luntz, President  
 The Luntz Research Companies  
 Mark McClellan, MD, Administrator  
 Centers for Medicare & Medicaid Ser.  
 Tom Miller  
 Joint Economic Committee  
 David Rosenfeld, Counsel  
 US House of Representatives.  
 Committee on Energy & Commerce

In April 2005 CAHI hosted the first Health Policy Roundtable (HPR) in Washington, D.C. Developed from a need to bring experts from all areas of the health care industry together to discuss mutual concerns, the Roundtable has quickly become *the* forum to debate ideas and develop innovative, market-based health policy solutions.

The first two Roundtables, held in the U.S. Capitol, attracted top lawmakers, legislative staff, industry executives and public policy experts for a vibrant dialogue on how best to make health care affordable and accessible.

At this unique invitation-only forum, attendees have discussed key industry issues with Reps. Sam Johnson (R-TX), Mike Pence (R-IN), Lee Terry (R-NE), John Shadegg (R-AZ), Mark Kennedy (R-MN), Patrick McHenry (R-NC), Senator Jim DeMint (R-SC), and senior Congressional and White House staff.

The September 2005 Roundtable will be an extraordinary event held in the White House's Eisenhower Executive Office Building, and will feature President Bush's senior health policy advisors.

Over the past year, CAHI sponsored several other significant events:

Sept. 2004: Capitol Hill news conference unveiling a CAHI-sponsored Zogby poll showing Americans support purchasing insurance across state lines

Nov. 2004: Invitation-only luncheon for members of the national media with Dr. Mark McClellan, Administrator, Centers for Medicare and Medicaid Services

May 2005: Standing-room only Capitol Hill briefing with the Galen Institute and the Center for Health Policy Transformation on "Targeted Solutions for the Uninsured"

July 2005: Congressional staff briefing on the Health Care Choice Act

## INSIGHTFUL PUBLICATIONS

Through solid research and peer review, CAHI publishes reports, studies and guides which examine developments affecting the health care industry as well as current political trends. CAHI publications bring national visibility to member interests and concerns, and nowhere has this been demonstrated more than by our “Health Insurance Mandates in the States” report.

Onerous and excessive government mandates are a primary CAHI member concern. To draw attention to the impact mandates can have on the cost of health insurance, CAHI updated this report for 2005 and added information on how mandates can add to the cost of a health insurance policy. This first-of-its-kind study clearly and concisely quantifies the influence mandates can have on the affordability of health insurance, and has been quoted extensively in the media as well as used by state and federal legislators.

## EFFECTIVE BRANDING

Improving the legislative and regulatory environment for the industry is only one part of ensuring a vibrant market. Bringing national visibility to CAHI member interests and concerns, and educating consumers and the media on the issues are equally critical. Throughout the past year, CAHI was featured regularly in national news media outlets, trade publications and on radio talk shows. Additionally, CAHI staff served as expert speakers at events held by the American Legislative Exchange Council (ALEC), the Consumer Directed Health Care Conference, NCOIL, NAIC, the National Long-Term Care Network, the U.S. House of Representatives, the U.S. Small Business Administration and numerous local and state trade associations.

Other national exposure for CAHI member priorities includes:

- Distribution of CAHI’s *State Legislators’ Guide to Health Insurance Solutions* to every state legislator in the country and to over 500 attendees at the Consumer Directed Health Care Conference and Expo;
- CAHI advertisement in the June 2005 issue of *Health Care News*, which has a circulation of over 40,000 and was distributed at the AHIP and NAHU annual conferences;
- CAHI print and radio ad campaign promoting the Health Care Choice Act in Maine, New Jersey, New York and Massachusetts;
- Testimony given before the U.S. House of Representatives on Medicaid reform and purchasing health insurance across state lines.

### Issues & Answers

*What’s Next for HSAs?*  
No. 131, June 2005

*HSAs: Need Only the Healthy and Wealthy Apply?*  
No.130, April 2005

*Tough Lessons from TennCare*  
No.129, March 2005

*The Health Care Safety Net We Want and Need*  
No.128, February 2005

*The Grand Illusion: The Perennial Quest for a Single-Payer Health Care System that Works*  
No.127, January 2005

*Answering Your Questions About Health Savings Accounts*  
No.125, December 2004

*HSAs, HRAs or FSAs: Which Consumer-Driven Health Care Option Should You Choose?*  
No. 124, Updated December 2004

### Reports, Studies & Articles

*HSA State Implementation Report*  
August 2005

*Health Insurance Mandates in the States, 2005*  
January 2005

*Bush’s Unheralded Health Care Agenda*  
December 27, 2004, Weekly Standard

*Allowing Canadian drugs bad medicine for Texans*  
May 26, 2005, Houston Chronicle

*State Mandates Drive up Insurance Costs*  
May 2005, Health Care News

*Choice is the Choice in Health Care*  
August 15, 2005, Investor’s Business Daily

### National News Outlet Coverage

AM Best  
BNA’s Health Care Daily Report  
The Business Journal  
Congressional Quarterly  
Forbes  
Investor’s Business Daily  
Kiplinger’s Personal Finance  
National Journal  
National Review  
National Underwriter  
The San Francisco Chronicle  
USA Today  
Wall Street Journal  
The Weekly Standard

### Syndicated Radio Programs

“All Things Considered,” NPR  
“Dateline: Washington” with Greg Corombos  
“Money Matters” with Barry Armstrong and Tom Torr

## ACCESS & ADVOCACY

As the health care industry evolves, consumer directed health care, value-added products, discount plans and other innovations continue to be developed. CAHI's membership growth has mirrored the industry, creating an even more dynamic organization focused on a common goal – advancing market-friendly health care reforms.

To ensure *all* CAHI members have an opportunity to discuss their priorities, this year CAHI created the Monthly Member Forum teleconference. During this 30-minute conference call, CAHI members are briefed on recent CAHI activities and upcoming events, and hear from a speaker on one critical issue, followed by an open Q & A. Begun in March 2005, Member Forums have covered several important topics:

- The Long-Term Care Act of 2005
- The status of single-payer initiatives in Illinois and Maine
- The Health Care Choice Act of 2005
- Consumer perceptions of HSAs
- Opportunities and challenges for discount medical plan and value-added product companies

Member interests are at the core of each and every CAHI endeavor. Our advocacy efforts, publications and research serve one purpose – advancing positive, free market health care solutions which benefit the health care consumer and industry.

We are pleased to have welcomed the following new members since October, 2004:

### Full Members

US Health & Life Insurance Company  
Daniel Gorczyca  
Sterling Heights, MI  
[www.ushealthandlife.com](http://www.ushealthandlife.com)

### Affiliate Members

Lee Fanshaw  
American Family Insurance Company  
Madison, WI  
[www.amfam.com](http://www.amfam.com)

Christine Russell

WPS Health Insurance  
Madison, WI  
[www.wpsic.com](http://www.wpsic.com)

Todd Sabath

Antares Management Solutions  
Westlake, OH  
[www.antaressolutions.com](http://www.antaressolutions.com)

Wellness, Inc.

Dale Clemons  
Crestwood, KY  
[www.wellinc.net](http://www.wellinc.net)

CAHI Committees & Working Groups

**HSA Working Group**  
Michael Berry, Chair  
American Health Value

**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

**Value Added Products Committee**  
Marianne Eterno, co-chair  
Guarantee Trust Life Insurance Company  
Dale Clemons, co-chair  
Wellnes, Inc.