

The Council for Affordable Health Insurance



March 7, 2006

The Honorable Mike Enzi
Chairman
Committee on Health, Education, Labor and Pensions
428 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Enzi:

On behalf of the Council for Affordable Health Insurance (CAHI), we are writing regarding our continued concerns with S.1955, the Health Insurance Marketplace Modernization and Affordability Act. While the redrafted legislation has addressed some of our previous concerns and made some positive changes in other areas, we can not support S.1955 for the following reasons:

Health Savings Accounts (HSAs) are not fully excluded, possibly leading to market standardization.

The redrafted S.1955 states that “nothing in this part shall *be construed to inhibit* the development of health savings accounts pursuant to section 223 of the IRS Code of 1986.” To fully exclude HSAs and maintain innovation and flexibility in the health insurance marketplace, the language should be changed to state “shall not apply.”

Benefit Choice Standards – Affordable plans should use domicile state mandated benefits for comprehensive option rather than state employee benefit plans.

One of the leading causes of high health insurance costs has been the proliferation of state mandated benefits, services and provider coverages. S.1955 attempts to address this issue by creating an option for an insurer to offer a plan that does not comply with mandates offered in the state, if the insurer also offers a plan that complies with coverage of a state employee benefit plan in effect in one of the five most populous states. State employee benefit plans are very comprehensive, so this provision will not be much of an option for folks who have been looking for *affordable* health coverage.

Harmonization preempts states authority. Standards should not move forward without direct congressional approval.

The Health Insurance Consensus Standards Board is charged with developing recommendations that harmonize inconsistent state health insurance laws in the areas of rate and form filing, market conduct review, prompt payment and internal review. The redrafted legislation has significantly limited the scope of the Board. It continues, however, to encompass all markets: large group, small group and the individual market.

Angela M. Hunter, CAHI Director of Federal Affairs

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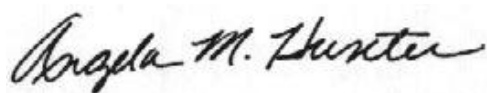
Laws governing health insurance are enacted by state and federal elected representatives, not by national health insurance boards. A body that is composed of non-elected officials should not dictate health insurance laws through an administrative process. Congress should not negate state authority and then abdicate its responsibility to a Board that is not accountable to the American electorate. These standards should not be codified without the direct approval of Congress.

While we acknowledge the extreme effort put forth in this legislation, it falls short of its mark. Further, by establishing a mechanism that will affect the health insurance market through a federal regulatory process, you are moving toward the federal regulation of health insurance. It is important to consider the direction of this approach, not only in the next year, but in future years. We look forward to working with you to find solutions addressing health insurance affordability.

Sincerely,

Handwritten signature of Merrill Matthews in cursive script.

Merrill Matthews
Director

Handwritten signature of Angela M. Hunter in cursive script.

Angela M. Hunter
Director of Federal Affairs