

March 7, 2006

Dear Senator:

The undersigned organizations are writing in opposition to the Health Insurance Marketplace Modernization and Affordability Act of 2005, S. 1955. This controversial legislation would preempt state insurance laws, not just in the small group market (as is done by Association Health Plan legislation), but also in the individual and large group markets. S. 1955 would thwart years of state efforts to make sure that consumers have adequate health coverage.

S. 1955 would take away the states' autonomy to regulate health insurance. The bill preempts state benefit, service and provider laws that states have enacted to ensure that consumers have adequate health coverage. Cancer screenings and treatment, diabetes supplies and education, mental health, preventive care, rehabilitation, well-child care and immunizations, maternity care, and other vital benefits and protections would be lost. S. 1955 also exempts Small Business Health Plans (SBHPs, also known as AHPs) from state benefit, service and provider access laws.

Insurance companies, instead of state-elected legislators, would now decide the benefits that consumers should have when they purchase health care. States would have no recourse to protect their own residents and they would lose their incentives to enact laws in the future and be laboratories for healthcare innovation.

An insurer would only need to meet one requirement in order to bypass a state's protections: offer a second plan that resembles one offered to state employees in one of the five most populous states, a requirement that allows an insurer to choose a high deductible/HSA plan that can require a family to pay as much as \$5000 out-of-pocket (after paying premiums), before coverage kicks in. Again, a state has no recourse if the plan does not meet the needs of its residents.

S. 1955 also would preempt stronger state laws that limit the ability of insurers to vary premiums based on health status, age, gender and geography. For many older, sicker Americans and those with complex health needs and disabilities, this would price them out of the health insurance market, undermining the stated purpose of the legislation. The bill imposes on all the states an outdated model law created by the National Association of Insurance Commissioners (NAIC), rather than using the NAIC's current model standard that is more protective.

A bill that preempts over 1000 state laws should warrant review before it is moved quickly through the Health Education, Labor and Pensions (HELP) Committee and considered on the Senate floor. There is no evidence that this bill will lead to more affordable coverage or increase the number of Americans with adequate health insurance. As we have found through analysis of the federal AHP legislation, a proposal that purports to provide more affordable and expanded coverage sometimes can fail to do what it claims and even make existing access and cost problems worse.

While the sponsors of S. 1955 have made a sincere effort to address shortcomings of the AHP legislation, their solution makes things worse by endangering the quality of health care for the 68 million Americans in state-regulated group health plans and 16.5 million with individual coverage. We urge your opposition to this legislation.

Sincerely,

American Academy of Child & Adolescent Psychiatry
American Academy of Pediatrics
American Academy of Physician Assistants
American Association of People with Disabilities
American Diabetes Association
American Federation of State, County and Municipal Employees
American Chiropractic Association
American Federation of Teachers
American Nurses Association
American Pediatric Society
American Podiatric Medical Association
American Psychological Association
Arc of the United States
Association of Medical School Pediatric Department Chairs
Bazelon Center for Mental Health Law
Brain Injury Association of America
Communications Workers of America
Department for Professional Employees, AFL-CIO
Families USA
Guttmacher Institute
International Association of Machinists & Aerospace Workers
International Brotherhood of Electrical Workers
International Longshore & Warehouse Union
International Union of Painters and Allied Trades
National Association of Social Workers
National Disability Rights Network
National Family Planning and Reproductive Health Association
National Mental Health Association
National Spinal Cord Injury Association
National Partnership for Women & Families
National Women's Law Center
Planned Parenthood Federation of America
Small Business Majority
Society for Pediatric Research
United Cerebral Palsy
United Steelworkers International Union (USW)