

May 4, 2010

Hon. Christopher J. Dodd  
United States Senate  
448 Russell Senate Office Building  
Washington, D.C. 20510

Hon. Richard C. Shelby  
United States Senate  
304 Russell Senate Office Building  
Washington, D.C. 20510

Dear Senators Dodd and Shelby:

As President of the National Conference of Insurance Legislators, I write to share NCOIL concerns regarding S. 3078, the *Health Insurance Rate Authority Act of 2010*, which we understand soon may be considered as an amendment to S. 3217, the *Restoring America Financial Stability Act of 2010*. As state legislators dedicated to sound insurance public policy, we object to passage of S. 3078 both in terms of substance and of process and believe Congress should weigh more carefully its long-term impact.

First, in terms of substance, NCOIL questions the need to allocate oversight of insurance regulation to yet another federal system. We believe to divide health insurance rating authority between the states and the federal government—at the discretion of the Secretary of Health and Human Services—would promote inconsistency and weaken oversight of a very localized and vital service.

State health insurance regulation has been fashioned to respond to each state's unique health landscape and has been honed over years of experience. While certainly not playing down the unacceptable California rate increase used to spur S. 3078, NCOIL asserts that state regulators and other state officials already have in their hands the tools to detect and correct inappropriate rate increases within their existing systems—and should in all cases utilize these tools to their fullest advantage, as has been done in California, Maine and Massachusetts.

State insurance regulators, attorneys general, legislators, and governors work together in the states to ensure that health insurance rates are appropriate and that inappropriate rate increases are short-lived. These combined efforts have proven successful over the years. S. 3078 would upset this balance of responsibility and accountability by allowing unelected bureaucrats to unilaterally determine the future of rate oversight.

Second, in terms of process, NCOIL thinks it is inappropriate to consider the bill as an 11<sup>th</sup> hour amendment to a massive and unrelated financial modernization bill. Health insurance rate increases have nothing to do with our nation's financial crisis and should not be attached to S. 3217 simply because Senate rules allow it.

S. 3078, introduced in March, has received limited consideration. Only one hearing has been held and many perspectives on the bill have not been fully explored. State officials have not been invited to weigh in—with the exception of a single regulator.

In summary, NCOIL believes that a bill with such potential to impact the rate review authority of commissioners, company solvency, and state consumer protections should be evaluated on its own merits and scrutinized in much greater depth. We urge you to oppose S. 3078 as an amendment to S. 3217 in order to allow for due process.

Sincerely,

A handwritten signature in black ink that reads "Robert R. Damron". The signature is written in a cursive style with a vertical red line to its right.

Rep. Robert Damron (KY)  
NCOIL President

cc: United States Senate  
NCOIL Legislators  
Council of State Governments (CSG)  
National Association of Attorneys General (NAAG)  
National Association of Insurance Commissioners (NAIC)  
National Conference of State Legislatures (NCSL)  
National Governors Association (NGA)