



PRESIDENT: REP. FRANK WALD, ND
VICE PRESIDENT: SEN. ALAN SANBORN, MI
SECRETARY: REP. BRIAN KENNEDY, RI
TREASURER: SEN. JAMES SEWARD, NY
EXECUTIVE COMMITTEE CHAIR: REP. ROBERT DAMRON, KY

FOR IMMEDIATE RELEASE

CONTACT:

Susan Nolan
Mike Humphreys
NCOIL National Office
518-687-0178

NCOIL WARNS CAPITOL HILL: ENZI BILL MAY HAVE UNINTENDED CONSEQUENCES

Troy, New York, March 14, 2006 – The National Conference of Insurance Legislators (NCOIL) today expressed strong opposition to S. 1955, the *Health Insurance Marketplace Modernization and Affordability Act*, introduced by United States Senator Michael Enzi (R-WY). In a letter directed to Enzi and cosponsor Senator Ben Nelson (D-NE), legislators stressed that S. 1955 would not achieve its intended goal. The bill would authorize the creation of small business health plans (SBHPs) that would be exempt from state regulation.

The NCOIL letter criticized the bill's preemption of unique state rating systems, a result of many years of delicate regulatory balancing. NCOIL agreed with a March 7 National Association of Insurance Commissioners (NAIC) letter addressed to Senators Enzi and Nelson that said a "one size fits all" policy cannot determine how risk will be spread in the marketplace.

NCOIL legislators cautioned that the SBHPs created under S. 1955 could result in "cherry picking" of healthier groups or individuals and could displace the sick and the frail. Lawmakers warned that adverse selection would fragment the market, add to the nation's growing underinsured and uninsured populations, and place significant additional pressure on the "high risk pools" currently available in the states.

NCOIL stated its opposition to any legislation that would handicap the ability of state officials to protect consumers. The letter said that S. 1955 could exacerbate the existing frustrations of state regulators and consumers regarding inadequate and inefficient ERISA coverage.

Legislators noted that the bill's current language permits insurance companies to sue states for injunctive and/or equitable relief, but ironically provides no such relief for consumers against insurers. NCOIL wrote that "without state officials to depend on for assistance or an opportunity to legally challenge insurers, consumers will be isolated in times of need."

NCOIL also questioned moving forward on a bill that has not yet been subjected to a cost-benefit analysis and reasoned that such an analysis could prove that costs associated with S. 1955 will be far greater than benefits received as the legislation's impact on the health insurance industry is measured over time.

The letter emphasizes that NCOIL remains committed to efficient and effective health care insurance. Legislators will actively monitor S. 1955 developments in the coming weeks, and the NCOIL Health, Long-Term Care & Health Retirement Issues Committee will examine the issue during the NCOIL Summer Meeting, scheduled for July 20 through 23 in Boston, Massachusetts.

According to North Dakota State Rep. George Keiser, chair of the NCOIL Health, Long-Term Care, and Health Retirement Issues Committee, "There are several drivers that are contributing to increased healthcare costs. It is critical that states remain flexible to meet the unique health insurance needs of people in different regions across the country."

S. 1955 is scheduled for hearing by the U.S. Senate Health, Education, Labor & Pensions (HELP) Committee at 9:00 a.m. on Wednesday, March 15. The Committee is expected to vote on the measure at that time. S. 1955 would represent the first small business health care legislation voted out of a Senate Committee. The House of Representatives has passed numerous association health plan (AHP)-related bills.

Other members of the Senate HELP Committee were copied on the letter as well as National Governors Association (NGA) Chairman Governor Mike Huckabee (AR) and NGA Executive Director Ray Schepach; Council of State Governments (CSG) President Governor Jim Douglas (VT) and CSG Executive Director Dan Sprague; National Conference of State Legislatures (NCSL) President State Senator Steven Rauschenberger (IL) and NCSL Executive Director William T. Pound; and NAIC President Superintendent Alessandro A. Iuppa (ME) and NAIC Executive Vice-President and CEO Catherine Weatherford.

NCOIL is a nonpartisan organization of state legislators whose primary focus is insurance legislation and regulation. Many legislators active in NCOIL either chair or are members of the committees responsible for insurance legislation in their respective state houses across the country.

For more information, please contact the NCOIL National Office at 518-687-0178 or at mhumphreys@ncoil.org.

#