

Preserving State Insurance Regulation...

- By interacting with Congress on issues of critical importance to insurance public policy
- By educating state lawmakers on the solutions to their insurance-market crises
- By fostering relationships between state legislators
- By asserting the primacy of state insurance regulation under the McCarran-Ferguson Act of 1945

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NCOIL GEARS UP FOR HEALTHCARE REFORM, EXPERTS TO ADDRESS TOUGH QUESTIONS

As states push to meet rapidly approaching deadlines for healthcare reform implementation, legislators from around the U.S. will gather at the NCOIL Summer Meeting to get beyond the rhetoric and hear straightforward answers to both their basic and complex questions. The July 7 through 11 Boston event—which kicks off one day early to focus on healthcare concerns—will feature input from academic, state, and federal experts during nearly 12 hours of special forums and discussion.

Consecutive two-hour Wednesday afternoon meetings will lay a framework for more targeted debate throughout the conference. The July 7 sessions—entitled *Overview of Health Insurance Reform: Timeline from a State's Perspective* and *Health Reform and Health Insurers: What's Expected, When and Why?*—will feature presentations from a healthcare expert, as well as regulators with the U.S. Dept. of Health & Human Services (HHS) and National Association

of Insurance Commissioners (NAIC).

The Wednesday sessions will give legislators and other attendees a chance to question speakers on what the law does and what it expects from states; the status of new, temporary high-risk pools; the re-envisioned role of private carriers; and how health plans will transition to a “new world.” A health insurer representative will join in the second session’s Q & A to respond to proposed sweeping changes to the individual and small-group markets.

Cash-strapped states will be challenged to expand their already strained Medicaid plans and add potentially 15 million people to jointly funded state-federal programs. A Thursday, July 8, NCOIL session entitled *Paying for It: Funding Challenges Integrating Medicaid, Medicare and Private Plans* will guide lawmakers through the much-feared budget impacts and discuss how states might mitigate costs. Panelists representing state budget and Medicaid directors will join the Centers for Medicaid & Medicare Services (CMS) to wade through new cost-sharing realities, prescription

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STATES UNDER PRESSURE TO CREATE HIGH-RISK POOLS

State governments, racing against the clock to meet new healthcare reform deadlines, are focusing on July 1—the federal cutoff for creating temporary high-risk pools for the sick and uninsurable. The initiative—which could mean headaches for states trying to implement—aims to provide stop-gap insurance for otherwise uninsurable Americans until they are guaranteed access to health insurance in 2014.

The new law requires the Department of Health & Human Services (HHS) to work with states—including the 35 that already have high-risk mechanisms—to provide temporary coverage to people with pre-existing conditions and no insurance for at least six (6) months. The law calls for benefits covering at least 65 percent of patient medical bills, caps annual out-of-pocket costs at \$5,950 for

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NCOIL has the honor of welcoming Vermont **Governor Jim Douglas**,

chair of the National Governors Association (NGA), as keynote luncheon speaker at the Boston Summer Meeting.

The event takes place on Thursday, July 8, from 12:00 to 1:15 p.m. at the Boston Park Plaza Hotel.



NCOIL FOCUS ON HEALTHCARE IMPLEMENTATION

Legislators and national experts at the NCOIL Summer Meeting in Boston will work out the key what, when, and how's of implementing healthcare reform during the following sessions—structured as seminars, followed by Q & A.

Wednesday, July 7

2:00 to 4:00 p.m.

Health Insurance Reform Overview: Timeline from a State Perspective

What does the new law actually do? Deadlines for state implementation? What is being done about high-risk pools?

4:00 to 6:00 p.m.

Health Reform and Health Insurers: What's Expected, When and Why?

What is the envisioned role of private carriers in the "new world"? What will change? Remain the same? How will plans transition?

Thursday, July 8

1:15 to 3:00 pm.

Paying for It: Funding Challenges Integrating Medicaid, Medicare and Private Plans

The new law vastly expands Medicaid eligibility. What impact on state budgets? Other changes affecting a state's bottom line? Federal funding enough?

4:30 to 5:45 pm.

NCOIL-NAIC Dialogue: Health Reform Act Implementation

Legislators and regulators will discuss NAIC efforts to fulfill reform responsibilities and discuss timelines for bringing proposals to legislatures.

Friday, July 9

12:15 to 1:30 p.m. NCOIL Institute for Insurance Policy (Legislator-only luncheon)

Integrating Healthcare Reform with State Laws: A Legal Perspective

An expert will speak to federal preemption's impact on state activity, as well as update legislators on AG and other lawsuits.

3:15 to 5:00 pm.

Insurance Exchanges: Interfacing Between Public & Private Plans

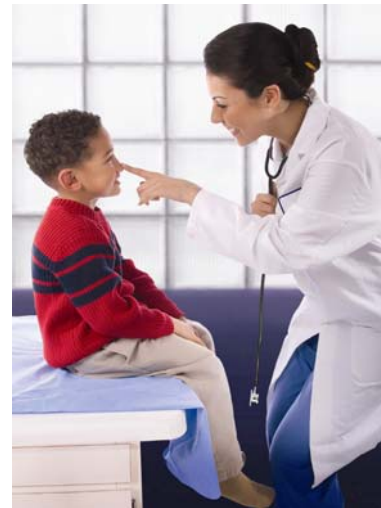
How will states create exchanges for individuals/small businesses? What steps to implement? Borrow from MA and UT models? Room for innovation?

Sunday, July 11

8:00 to 10:00 a.m.

Health Reform & Other Lines of Insurance: Coordination, Cost, and Impact

How will reform impact workers' comp, auto, med mal, and other lines? What effect on state guaranty funds?



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NCOIL TO PROBE FINANCIAL SERVICES OVERHAUL, STATE MODERNIZATION

As Congress advances dramatic new changes to financial services oversight, state lawmakers at the July NCOIL Summer Meeting will explore what the proposed untested reforms could mean for state insurance protections—as well as how state teamwork could enhance local regulation already in place.

Back-to-back sessions on the morning of Friday, July 9, will begin with a meeting on the pros and cons of proposed financial services oversight and the influence of Senate Banking Chair Christopher Dodd's (D-CT) *Restoring American Financial Stability Act of 2010*, S. 3217. Financial services experts will examine the roles of the states and Feds in a possible federal insurance office, risk oversight council, and consumer protection agency, among other things.

Next, legislators at the Boston Summer Meeting will engage in an interactive dialogue with state insurance regulators to strategize how to remove remaining

barriers to a truly reciprocal producer licensing system. They will also coordinate a response to provisions in Congressional legislation that call for streamlined surplus lines regulation—such as home-state regulation of risk and broker licensing and a uniform system to allocate premium taxes. Options for state activity include, among others, joint legislator to regulator promotion of SLIMPACT—a proposed state-based compact for surplus lines.



Summer Meeting debate will expand NCOIL review of financial services schemes and—with passage of federal legislation perhaps imminent—will intensify long-standing NCOIL state modernization efforts.

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individuals and \$11,900 for families, and bans annual and lifetime spending limits. The reform also sets premiums at comparable regional rates for coverage and limits premium variations based on age.

Unfortunately, the new standards provide greater benefits than most existing high-risk pools—which tend to be less generous, more costly. Certain observers say, therefore, that the rates people in existing high-risk pools are paying will be unfairly high compared to rates in the new pools. It's been suggested, though, that if states adjust their existing pools' premiums/benefits to be more equivalent to the new standards, then the old pools may become underfunded.

The Feds say that funding shouldn't be a concern with the new mechanisms—since the *Patient Protection and Affordable Care Act* authorized \$5 billion to help states run them. But skeptics, including many state officials, have cautioned that the funding will not be enough to meet federal requirements. GA Insurance Commissioner John Oxendine, for instance—in an April 12 letter to HHS Secre-

tary Kathleen Sebelius—said, “I am concerned that the [temporary] high-risk insurance program will ultimately become the financial responsibility of Georgians at a time when our state is furloughing teachers, laying off employees, and cutting public safety and education funding.”

States have various ways of complying—such as merging a new temporary pool with an old one, creating a brand-new mechanism, or outsourcing to a third-party, among other options. States also, as noted in an April 2 letter from Secretary Sebelius to the country's governors, could leave the job of providing temporary coverage to the Feds, who are creating a national pool as “backup” for states that do nothing.

Lawmakers at the Boston NCOIL Summer Meeting will examine on July 7 how states have responded—including whether they have met the July 1 deadline. The discussion, which will be part of the meeting's expansive look into healthcare reform, will take place during a 2:00 to 4:00 p.m. *Health Insurance Reform Overview: Timeline from a State Perspective* session.

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**REGISTER
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for the
**NCOIL
SUMMER
MEETING**

in
Boston, MA!

July 8 through 11

Register early to
ensure **reduced**
rates at host
hotel!
www.ncoil.org

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drug rebate, and other changes.

An afternoon session on Friday, July 9, entitled *Insurance Exchanges: Interfacing Between Public and Private Plans* will look at how states can create federally mandated exchanges for individuals/small businesses. The session will explore, in part, whether the MA and UT systems can serve as models and how new subsidies factor in. State and federal regulators will join two health exchange experts to answer the essential questions.

Other scheduled NCOIL sessions

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include a unique legislator dialogue with state insurance commissioners—who are tasked to develop model rules, regulations, and standards to meet federal requirements—on Thursday afternoon. A Friday NCOIL Institute for Insurance Policy legislators-only luncheon will offer a legal perspective on the federal reform’s impact on state laws, as well as an update on AG and other lawsuits. Finally, on the morning of Sunday, July 11, NCOIL will investigate impacts on other insurance lines, such as auto and workers’ comp.

HURRICANE SEASON MAY HIT HARD

Last year’s mild hurricane season was a welcome reprieve for homeowners and insurers battered in previous years, but storm watchers beware: 2010 may be quite different.

According to Tropical Storm Risk (TSR), a forecast group at the UK’s University College London, the Atlantic Hurricane Season will be 60 percent more active than the long-term normal—with 16 named storms predicted, nine hurricanes, and four Category 3 storms that have wind speeds between 111 and 130 mph. Odds of storms hitting the U.S.? Seventy-six (76) percent above average, TSR says.



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