



NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

March 12, 2003

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The Honorable John A. Boehner
Chairman
Committee on Education and
the Workforce
U.S. House of Representatives
Washington, DC 20515

The Honorable George Miller
Ranking Minority Member
Committee on Education and
the Workforce
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Boehner and Representative Miller:

As members of the National Association of Insurance Commissioners, we are writing to express our strong opposition to legislation introduced last week, H.R. 660, that would allow association health plans (AHPs) to form and operate in our states beyond the authority and outside the reach of proven state consumer protection and solvency laws.

Although we appreciate the sponsors' attempt to take into consideration state insurance regulators' concerns in this new bill, in total the bill is not an improvement over previous drafts. Similar to the bills introduced in the 107th Congress, H.R. 660 would: (1) permit risk selection thereby creating opportunities for "cherry-picking" among healthier groups; (2) allow inadequate capital standards and solvency requirements both of which are inferior to existing state standards; (3) eliminate proven state consumer protection laws, including those designed to allow consumer appeals of adverse plan decisions and those aimed at preventing and fighting fraud; and (4) allow AHPs to ignore state benefit requirements. We are extremely concerned that while longstanding state-based consumer protections would be eliminated, H.R. 660 would provide no additional resources to the Department of Labor to regulate AHPs or help consumers.

We want to reiterate our long-held position that the enactment of H.R. 660 or similar legislation would be bad for consumers and bad for our state health markets. AHPs would create an uneven playing field among small employers and their employees, and undermine our shared goals of creating access to affordable health care.

Just as the states have taken steps to reform the small group market and promote other market reforms, we remain committed to working with you to improve access to affordable health insurance for small businesses. However, eliminating the strong oversight role and consumer protection apparatus currently provided by the states and insurance commissioners would be an unwise decision and a bad deal for consumers. We urge you to oppose H.R. 660.

Sincerely,

Mike Pickens
NAIC President
Arkansas Insurance Commissioner