



NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

September 1, 2005

**EXECUTIVE
HEADQUARTERS**

2301 MCGEE STREET
SUITE 800
KANSAS CITY MO
64108-2662
VOICE 816-842-3600
FAX 816-783-8175

**GOVERNMENT
RELATIONS**

HALL OF THE STATES
444 NORTH CAPITOL ST NW
SUITE 701
WASHINGTON DC
20001-1509
VOICE 202-624-7790
FAX 202-624-8579

**SECURITIES
VALUATION
OFFICE**

48 WALL STREET
6TH FLOOR
NEW YORK NY
10005-2906
VOICE 212-398-9000
FAX 212-382-4207

**WORLD
WIDE WEB**

www.naic.org

The Honorable Joe Barton
Chair
Committee on Energy and Commerce
U.S. House of Representatives
Washington, DC 20515

The Honorable John D. Dingell
Ranking Minority Member
Committee on Energy and Commerce
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Barton and Ranking Member Dingell:

The National Association of Insurance Commissioners (NAIC) is the organization of insurance regulators from the 50 states, the District of Columbia and five U.S. territories. It is in our capacity as the nation's insurance regulators that we are writing to raise the issue of how federal Medicaid cuts could generate unintended negative consequences on families, individuals, and businesses that are the health insurance consumers.

The simple fact is, if health care funding is reduced in one area, added costs could be shifted to another area. For example, inadequate reimbursement payments by federal programs have led to shifting of costs to the private sector, resulting in higher prices for families, workers, and businesses. Under funding of federal programs have shifted more costs onto state governments. These actions have resulted in higher overall costs and decreased access to health insurance and health care for many consumers. Reduced access to health care means diseases are diagnosed later, when people are sicker, and the cost of treatment is even more expensive. Further, with fewer people covered, the cost of providing care to the uninsured is inevitably shifted to those who remain insured. This is a destructive cycle that raises costs, reduces insurance coverage, and damages people's health.

It is the position of the National Association of Insurance Commissioners that the issue of cost-shifting must be addressed as part of any attempt to reform health care funding. We urge you to consider how the Medicaid reforms you are debating will impact the health care costs of others – States, health care providers, and, most importantly, consumers. Simply cutting funding without substantial reforms to the program to make the delivery of care more efficient and cost-effective would be a disservice to all. States need the tools to control rising costs, thereby mitigating any potential cost-shifting.

While we appreciate Congress' need to control health care spending, we urge you to consider the impact of these potential changes on states, which are also struggling with the skyrocketing cost of health care. A coordinated effort by both the States and the Federal Government is required to find solutions that will not only curb cost growth, but also improve delivery of health care services and maintain access to the benefits of health insurance. The State Insurance Commissioners offer any assistance they can provide in finding such solutions.

The Honorable Joe Barton
The Honorable John D. Dingell
September 1, 2005
Page two

The NAIC appreciates your consideration of this very important issue and looks forward to working with you as the debate continues.

Sincerely,



Catherine J. Weatherford
Executive VP and CEO



John Morrison, Chair
Health Insurance and
Managed Care (B) Committee



Sandy Praeger, Vice Chair
Health Insurance and
Managed Care (B) Committee