



National Association of Insurance Commissioners

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Members of the United States Congress:

Lost in the din of this summer's health care debates is one important fact: there is a strong consensus that reform of the health care system is absolutely necessary.

There is no serious dispute that our present system fails to cover millions of Americans and costs all of us too much. These are the two core issues that we must address as we move forward on the broad common ground that exists.

The legislative proposals under consideration in Washington are complex because the challenges involve intricate issues, but there is agreement on several critical issues essential to an improved health care system.

1. **Universal Coverage** - In order to finance health care through insurance as efficiently and as affordably as possible, everyone - the young, the old, the healthy, and the sick - has to be in the system.
2. **Personal responsibility** - If coverage is guaranteed for all, there will be some who will wait until they become sick to purchase that coverage. Such a voluntary system could lead to "adverse selection," where those with higher costs and likelihood of care participate in the system, while those with lower costs and likelihood of care do not.

This dynamic drives up the cost of insurance, further discouraging people from buying it and discouraging employers from providing it. This shifts the burden of health care to an inefficient, last-resort system of emergency care and high-cost state programs. The only effective answer to these concerns is to require everyone to purchase health insurance, much as states already require the purchase of auto insurance. The proposals also acknowledge that getting everyone in the system will require adequate federal subsidies so that persons below designated income levels receive assistance in purchasing health insurance. Without subsidies, the cost of coverage, even with everyone in the pool, is too great to be affordable for millions of Americans.

3. **Equal treatment** - The current proposals would prohibit health insurers from denying someone insurance simply because he or she has been treated for a pre-existing condition.

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4. **Rating reform** - The proposals would prohibit insurers from using health status, gender or occupation when setting premiums.
5. **Remove caps** - The current proposals also eliminate caps on annual or lifetime benefits under a health insurance policy. For patients with high-cost conditions like hemophilia, who can exhaust these caps very quickly, this change will make certain that their policy delivers meaningful coverage.

Congressional action along the lines outlined above is necessary to address this national issue, but it should not diminish the regulatory role for the states going forward. Our nation is too vast and too varied for one regulatory regime to fit all. Congress should allow states wide latitude to enforce their respective laws when those laws provide greater consumer protections than those afforded by federal law.

Reducing costs and fixing the health care system will require collaboration and compromise among the federal government, state governments, providers and consumers alike, and it is critical to steer clear of our current, unsustainable path where health care costs devour an ever-increasing percentage of our national economy. At the very least, our economic well-being depends upon moderating this trend.

Constructive debate around health care reform is essential, but it should be rooted in the facts, with a clear understanding of the difficult policy decisions facing the nation. Progress in Washington is being made, and there is consensus to be attained if the reform proposals are judged on their substance. There is far too much at stake to let this opportunity to improve health care slip away.

Sincerely,



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