



May 9, 2006

United States Senate
Washington, DC 20510

Dear Senator:

On behalf of the Catholic Health Association of the United States (CHA), the national leadership organization of more than 2,000 Catholic health care sponsors, systems, facilities, and related organizations, I am writing to express our serious reservations regarding the Health Insurance Marketplace Modernization and Affordability Act (S. 1955). While we support the intent of S. 1955 to make health insurance affordable for all small businesses, we believe the legislation needs stronger provisions ensuring adequate insurance coverage sufficient for the development and maintenance of a healthful life. In addition, the legislation, which would affect the more than 80 million people in state-regulated insurance markets, should include stronger rating restrictions that would further limit the variation in health care costs among small groups.

S. 1955 would allow insurers to offer coverage without any minimum benefit standards, putting consumers at risk. While the legislation would require insurers who opt-out of state coverage requirements to offer an alternative plan that is offered to state employees in one of the five most populous states, the requirement offers no guarantee that workers will have a comprehensive and affordable option for coverage. In fact, the requirement does not address cost sharing, so that an insurer may choose to make comprehensive coverage available only after reaching a very high deductible. Furthermore, even if insurers choose to offer reasonable comprehensive coverage, older and sicker individuals would be more likely to enroll in the comprehensive coverage, raising costs for all who enroll in the plan.

This legislation also would replace state laws that limit the ability of insurers to vary premiums based upon health status, age, gender and geography with an outdated model law from the National Association of Insurance Commissioners. Insurers would be limited only in their ability to set rates based on health status; other factors could be used without limit. Because age-based rating alone can account for significant variation in rates, most states limit the ability of insurers to charge higher premiums for older individuals. This legislation would wipe out those state-based protections, leaving small groups with older workers, for example, at particular risk for discriminatory pricing.

CHA recognizes that S. 1955 could expand coverage to some of the healthier individuals who are currently uninsured. However, we believe overall that the bill's broad pre-emption of state laws regarding insurance coverage requirements and rating rules limiting the variation of premiums among small groups would actually limit access to quality coverage for those vulnerable small group populations who need it most. We remain committed to seeking solutions for expanding coverage that will preserve the quality of care currently offered and truly will benefit everyone.

Sincerely,

A handwritten signature in black ink that reads "Michael Rodgers".

Michael Rodgers
Sr. Vice President for Public Policy and Advocacy