



News Release

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

FOR IMMEDIATE RELEASE

Contact: Matt Brisch, (816) 783-8016

Brian Webb (202) 624-3543

Mary Beth Senkewicz (202) 624-8815

EXECUTIVE HEADQUARTERS

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

NEW ASSOCIATION HEALTH PLAN LEGISLATION STILL BAD FOR CONSUMERS

FEDERAL AND INTERNATIONAL RELATIONS

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

The National Association of Insurance Commissioners (NAIC) today expressed disappointment—once more—with today’s introduction of an Association Health Plan (AHP) bill the organization strongly feels is flawed. With only one notable change from the legislation introduced in the 107th Congress, the NAIC believes the sponsors are continuing to ignore severe deficiencies in legislation that will result in significant problems for consumers.

NAIC Objections to the Bill Being Introduced Today:

SECURITIES VALUATION OFFICE

1411 BROADWAY
9TH FLOOR
NEW YORK NY
10018-3402
VOICE 212-398-9000
FAX 212-382-4207

- **The bill still allows significant risk selection** (“cherry picking”). The change made in the latest bill is a welcome improvement, but is still insufficient to prevent blatant cherry picking by AHPs.
- **The bill still provides no additional resources to the Department of Labor to oversee AHPs.** The Department of Labor has no experience and no resources to oversee AHPs adequately. This will lead to plan failures, loss of coverage and unpaid provider claims. Moreover, aggrieved AHP consumers may not have recourse for help when there is a problem.
- **The bill still reduces funding for state high-risk pools and guaranty funds.** The bill limits the ability of the states to fund high-risk pools for the most vulnerable consumers and guaranty funds that protect consumers and providers when plans fail.

WORLD WIDE WEB

www.naic.org

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- **The bill still eliminates important consumer protections.** State patient protections, such as internal and external appeals, review of marketing materials, adequate network requirements, and many other protections important to local consumer needs and market conditions would be preempted.

- **The bill still fails to include adequate capital standards and solvency protections.** AHPs would be held to a far lower standard than other insurance companies in terms of needed capital and assets on hand to cover claims. This will leave AHPs vulnerable to failure, and consumers and providers vulnerable to loss of coverage and unpaid claims.

The NAIC members remain committed to working with Congress to improve access to affordable health insurance for small businesses. Unfortunately the legislation being introduced today fails on both counts.

About the NAIC

Headquartered in Kansas City, Mo., the National Association of Insurance Commissioners (NAIC) is a voluntary organization of the chief insurance regulatory officials of the 50 states, the District of Columbia and four U.S. territories. The association's overriding objective is to protect consumers and help maintain the financial stability of the insurance industry by offering financial, actuarial, legal, computer, research, market conduct and economic expertise. Formed in 1871, it is the oldest association of state officials. For more information, visit NAIC on the Web at www.naic.org.