



**National Association of
Insurance Commissioners**

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**SUMMARY OF TESTIMONY PRESENTED BY
THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS
ON IMPLEMENTATION OF THE MEDICARE PRESCRIPTION DRUG BENEFIT**

June 14, 2006

- Medicare Part D regulations governing special waivers from state licensure requirements specify that waiver applicants must have “submitted a fully completed application for licensure to the state.” Instead, CMS has granted multiple waivers to PDP sponsors, two of which are selling products nationwide, which have not submitted a fully completed application in any state. The NAIC urges CMS to ensure that waivers are granted only to those PDP sponsors that have met the regulatory requirements.
- Many state regulators have required agents and brokers to be appointed by an insurance company—thus requiring more oversight and responsibility by the carrier—but CMS has challenged state authority to require agents who sell PDP products to be appointed by the plan sponsor. This weakens the ability of regulators to hold the PDP sponsor accountable for the actions of its agents and brokers selling their products.
- State regulators have attempted to clamp down upon cross-selling of unrelated and sometimes unsuitable non-Medicare products, but CMS marketing guidelines explicitly allow such advertising and sales activity. CMS should develop specific guidelines limiting the cross-selling of products at the time of a Part D sale to Medicare Supplemental and Medicare Advantage policies.
- One of the most frustrating elements of the Medicare Part D program is the limited ability state regulators have to directly assist consumers. The preemption of state authority over the operations of PDP sponsors—except licensure and solvency—means consumers must go to CMS for assistance. State regulators have a closer connection to their citizens and address these kinds of issues on a daily basis with other types of health insurance and could do the same for Part D beneficiaries if provided with adequate resources and authority.
- While choice is an important element in the market, too much choice can lead to confusion and possible consumer harm. Many state regulators are concerned about the large number of plans, which have different formularies, cost-sharing provisions, and premiums. As the program evolves, we encourage Congress and the administration to consider opportunities to simplify the process of selecting a plan, while maintaining an adequate consumer base.
- To mitigate problems beneficiaries may have in selecting an appropriate Part D plan, the NAIC supports the extension of the initial enrollment period through the end of 2006. This will provide Medicare beneficiaries sufficient time to consider their options and make the right enrollment choice without penalty. This extension would also allow beneficiaries who have mistakenly enrolled in one plan to switch to an appropriate plan without penalty.
- The NAIC encourages Congress to increase funding for the Senior Health Insurance Assistance Programs (SHIPs) to \$43 million per year, or approximately \$1 per beneficiary. SHIPs provide crucial education, counseling, and outreach services to Medicare beneficiaries throughout the country. These services are particularly needed now as the Medicare Part D roll-out continues.