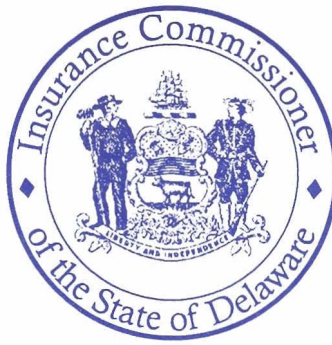


Matthew Denn  
Insurance Commissioner



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April 21, 2006

The Honorable Joseph R. Biden, Jr.  
United States Senate  
1105 N. Market St., Suite 2000  
Wilmington, DE 19801

The Honorable Thomas R. Carper  
United States Senate  
301 N. Walnut St., Suite 102L-1  
Wilmington, DE 19801

Dear Senators Biden and Carper:

I am writing to provide you with the position of the Delaware Department of Insurance on S. 1955, known as the Enzi-Nelson Health Insurance Modernization and Affordability Act.

The affordability of health insurance for individuals and small businesses is my foremost concern as Delaware's Insurance Commissioner, and I am grateful for the effort that Senators Enzi and Nelson are making to address the problem in a thoughtful, inclusive way. I know that they have had a number of meetings with insurance regulators and other stakeholders and have modified their original legislation as a result of those meetings. From my perspective in Delaware, however, the legislation still contains some fundamental flaws that could cause harm to Delawareans if it were to pass in its current form.

There are two primary areas of concern that the Delaware Insurance Department has with the legislation. First, S. 1955 would effectively void Delaware law requiring that some insurance coverages be included in all health insurance policies over which the state has jurisdiction. As you know, Delaware has relatively few health insurance mandates in comparison to most other states, and those mandates that we do have were put in place after careful deliberation by our General Assembly and governors as to the types of coverage that were absolutely essential to Delawareans. Delaware has a unique blend of public health issues that has led it to require certain types of insurance coverage, and changes in those mandated coverages are most appropriately made by Delaware legislators based upon the needs of Delawareans. S. 1955 would divest this authority from the state.

My second primary area of concern is the "harmonization" provisions of S. 1955. Delaware has become a leader among states in its requirements for prompt payment by health insurance carriers of doctors and other health care providers, oversight of health

insurance carriers' treatment of their policyholders, and overall scrutiny of health insurance carriers' compliance with state law. The improvements that Delaware has made in these areas have been of great benefit to Delaware health care providers and patients. The provisions of S. 1955 requiring that Delaware's consumer protection standards be "harmonized" with those of other states will likely roll those standards back, to the detriment of Delaware health care providers and patients.

My office has other concerns with S. 1955, particularly with its provisions federalizing the variability of small business health insurance rates. A bipartisan group of state legislators is working with me to pass legislation (Delaware Senate Bill 146) which would create a statewide health insurance purchasing pool designed to make health insurance more affordable for individuals and small businesses. The complex actuarial work underlying that state legislation assumes stability in the state's small business health insurance rate variability. Passage of S. 1955 would jeopardize the stability of the purchasing pool set up by this proposed state legislation.

I believe that it is possible for federal legislation to be passed which would address the pressing issue of health insurance affordability for individuals and small businesses. However, the Enzi-Nelson legislation as currently drafted will create more problems than it will solve for Delawareans. It appears to me that Senators Enzi and Nelson are committed to addressing this problem, and I know that you are, so I hope that you will be able to work with them in the future to craft legislation that will provide true cost relief to Delaware individuals and small businesses seeking health insurance.

Thank you for seeking the Insurance Department's input on this issue, and for all the work you have done to help us in our efforts to improve the affordability and accessibility of health care for Delawareans.

Sincerely,



Matthew Denn  
Insurance Commissioner