



## OFFICE OF INSURANCE REGULATION

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March 07, 2006

The Honorable Michael Enzi  
Chairman  
U.S. Senate Committee on Health, Education Labor and Pensions  
379A Russell Senate Office Building  
Washington, DC 20510

Dear Chairman:

I am writing in support of the letter sent today from the National Association of Insurance Commissioners' President Alessandro Iuppa and to provide you with some additional comments and an overview of some of the initiatives that we have taken here in Florida. I especially want to thank you for your hard work aimed at addressing the affordability of health insurance and for your help in opposing the House's association health plan bill.

With that said I regret that I cannot support your bill in its present form and ask that you reconsider the direction that is being taken.

The Office of Insurance Regulation believes standardizing rating laws among the states will do little or nothing to reduce health insurance costs. The concept of the proposed broad rating bands is to bring younger and/or healthier people into the market by providing lower premiums. Unfortunately, bringing healthier lives into the market will not achieve its intended purpose of lowering overall market premiums. Rather, the broad bands serve to increase the premiums required for older and/or less healthy population.

Like the federal government, Florida has been investing significant resources to address health insurance affordability. I organized a symposium and brought in stakeholders (industry, consumer groups, the Florida Legislature, insurance agents, healthcare providers and national experts) from around the country to identify possible solutions. The Governor appointed a select committee of stakeholders to meet around the state and take public and expert testimony in an effort to identify solutions. In addition, Florida's House of Representatives appointed a committee of its members to do the same.

While all three initiatives failed to identify any "silver bullets" to cure the healthcare crisis, they did identify many initiatives that the state has or is in the process of implementing. We have developed programs to encourage and, in fact, reward people for living healthier lifestyles. We are implementing pilot programs of electronic medical records. We require all of our small group carriers to offer health savings account qualified benefit plans. We are addressing the need for transparency and an informed consumer by collecting and publishing hospital and medical cost information as well as information regarding price and quality of insurance programs.

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We established, although the state has not yet funded, a new high risk pool to help stabilize the small group market.

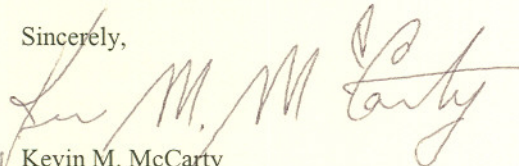
Many other states are implementing creative initiatives. For example, under the leadership of Governor Pataki, the Healthy New York program has been successful in bringing affordable health insurance to many thousands of previously uninsured citizens by providing stop-loss coverage. We are currently working with the Florida Legislature to develop a similar program. This initiative alone is estimated to reduce the premium for affected persons by 40%.

I believe a partnership between the federal and state governments is necessary to facilitate and fund initiatives similar to these.

I hope you will consider these comments as you work with your bill. I have concerns that a mark-up of the bill this week may not serve our common interests and may better be served by stepping back and considering modifications that would convert the bill from a response to the association health plan initiative into one that will be a step in the right direction to controlling health insurance costs and increasing its availability.

Thanks for your consideration.

Sincerely,



Kevin M. McCarty  
Commissioner  
Florida Office of Insurance Regulation

cc: The Honorable Bill Nelson  
The Honorable Mel Martinez  
The Honorable Edward M. Kennedy