



LOUISIANA DEPARTMENT OF INSURANCE
JAMES J. DONELON, COMMISSIONER

P.O. Box 94214
BATON ROUGE, LOUISIANA 70804-9214
PHONE (225) 342-5900
FAX (225) 342-3078
<http://www.lidi.state.la.us>

April 18, 2006

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

Dear Chairman Enzi:

I am writing to you in support of the letter sent to you on March 7, 2006 from the National Association of Insurance Commissioners' ("NAIC") President Alessandro Iuppa regarding S. 1955. I want to thank you and the members of the Committee on Health, Education, Labor and Pensions for the work you have done aimed at addressing health insurance issues. However, with that being said, I cannot support this bill.

I believe that the provisions in this bill that address the standardization of small employer group rating laws among the states will do nothing to reduce the overall costs of health insurance. Broad rate bands, in concept, would provide for lower rates of younger and/or healthier people and encourage them to purchase health insurance. However, the unintended consequences of such action would allow insurers to increase the rates for older and sicker insureds, which would force these individuals out of the marketplace due to the higher rates they would pay. This group of insureds needs the protections that are currently in place in Louisiana and other states. These protections were developed through many years of careful deliberations and are delicately balanced in response to the healthcare and reimbursement systems in our state.

I am also concerned about the provision in the bill that would result in consumers losing the protections against unfair claims handling practices. A number of market conduct working groups and task forces at the NAIC are making great progress in expanding the expertise and coordinating states' efforts in this area. I would urge you to allow my colleagues and me to continue the good work of our state-based experts in this area.

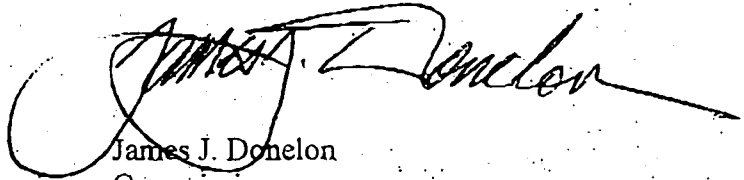
The mandated benefits that have been debated and enacted by the Louisiana Legislature would be preempted by the enactment of S. 1955. These benefits have been placed in law following careful and thorough deliberations. Preemption of these important statutory consumer protections would be a huge disservice to the citizens of Louisiana.

Hurricanes Katrina and Rita severely impacted the provision and payment of healthcare in Louisiana. There are several task forces and working groups that are intently studying the aspects of our healthcare system, and are developing innovative frameworks for better methods of addressing the needs of the system. I firmly believe that the outcome of all of this work will result in a model system of healthcare and reimbursement. This work, and the consumer protections that are concurrently being developed for our population, should be considered when looking at any federal intervention in the health care reimbursement system.

I hope that you will consider my comments as well as the comments of my fellow state insurance commissioners. My concern is that S. 1955 may not serve the common interests of the insurance consumers of Louisiana. I would strongly urge you to consider modifications that would change the direction of the bill from that of a response to the association health plan concept to one that will be headed towards the control of health care costs while continuing to expand health insurance availability.

With best wishes and kindest personal regards, I remain,

Very truly yours,



James J. Donelon
Commissioner
Louisiana Department of Insurance

cc: The Honorable Ben Nelson
The Honorable Mary Landrieu
The Honorable David Vitter