



State of Utah

DEPARTMENT OF INSURANCE

D. Kent Michie
Commissioner

Jon M. Huntsman, Jr.
Governor

Gary R. Herbert
Lieutenant Governor

State Office Building, Room 3110
Salt Lake City, UT 84114
Telephone: (801) 538-3600
Facsimile: (801) 538-1829
www.insurance.utah.gov

May 2, 2006

The Honorable Orrin G. Hatch
United States Senate
Washington, DC 20510

Dear Senator Hatch:

I commend your leadership and hard work to make the Enzi-Nelson bill (S.1955) a better bill. I know that you and your staff, especially Patricia DeLoatche have labored hard to make it a compromise bill. In fact, Ms. DeLoatche arranged an informative telephone conference call with senior H.E.L.P. committee staff to hear practical concerns from the Utah Insurance Department for which we are very grateful.

As you know, the Washington staff of the NAIC has also worked hard to bring the very real concerns of the nation's fifty insurance commissioners to the attention of the Chairman's staff and others and to reach compromises for the best overall good of the nation's health insurance consumers.

Please be assured that I have tried to understand, not only the bill, but also the positions of those that support it. However, I am not able to recommend that you vote for this bill. After much deliberation and consultation with my staff of insurance professionals, I ask that you to vote "no" on the bill when it comes up for vote in the Senate.

I have yet to find one single commissioner of insurance from any state who is in favor of the bill on its merits.

Another reason for my recommendation to vote no on the bill relates to your tenure and stature in the Senate. Your seniority and position in the Senate is not only important to Utah, but to the entire nation. The work you are doing on the Citizens Health Care Working Group and the future actions that will flow from that important work will need your stature and influence with both parties to create meaningful national health care system reform. I fear that an "Aye" vote will undermine your credibility and bipartisan clout in that future battle.

S.1955 simply will not work. This conclusion is based on the following points:

- It will result in premium variations ranging up to 25:1 for small businesses (e.g., \$100 v. \$2,500 for the same policy), and as a result, many currently insured people would be forced out of the private health insurance market;

Page 2 of 2

- Enzi-Nelson will gut state oversight and enforcement authority in Utah through restrictions on rate and form authority and market conduct examinations;
- S. 1955 will allow insurers to sue the Utah Insurance Department in Federal court, in some cases on an expedited review basis. (No one in the United States has such an over-reaching right.) This provision has the potential to bankrupt or cause serious financial stress on the state's finances and could significantly increase the burden on Utah taxpayers. (I believe you have heard from Utah Attorney General Mark Shurtleff and other members of the National Association of Attorneys General on this point);
- S.1955 will open the door to increased fraud and abuse in the association health plan market and will limit the ability of my insurance fraud investigators to prosecute these criminal activities.
- S.1955 will not reduce the number of uninsured people in Utah or the United States and in fact will cause that number to increase;
- S.1955 will ultimately cause further shifting of costs of medical care to the rest of the population (either because sick people lose their coverage as a result of price hikes allowed under this bill or because they are uninsured for certain medical conditions that this bill would allow); and
- Most importantly, S.1955 does not address the ever-growing health care system crisis in the United States.

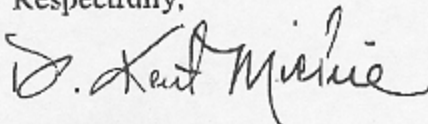
I believe the crux of the health care system crisis is runaway inflation in health care delivery costs. That is what is causing so many Utahns to drop out of the system. That is why so many Utah small businesses cannot afford to stay in the current system. They are "priced out." And Enzi-Nelson does nothing to address that basic problem. If the costs of delivering health care are not abated, the ability of Utah business to compete in the U.S. economy and in the global marketplace will be at great risk or non-existent.

S.1955 is nothing more than a giant head fake to Utah and its citizens and will not solve their health issues nor will it address the nation's real health care problem.

These are the reasons why I feel you must reserve and preserve your credibility and future ability to lead the fight in the Senate for meaningful and real health care system reform.

In Utah, I am responsible for protecting insurance consumers. I have an important stake in assuring that health insurance policies are administered soundly in conjunction with traditional private, state-supervised insurance products. Please contact me if I may assist you in any way.

Respectfully,



D. Kent Michie
Commissioner



State of Utah

DEPARTMENT OF INSURANCE

D. Kent Mohie
Commissioner

Jon M. Huntsman, Jr.
Governor

Gary R. Herbert
Lieutenant Governor

State Office Building, Room 3110
Salt Lake City, UT 84114
Telephone: (801) 538-3800
Facsimile: (801) 538-3829
www.insurance.utah.gov

May 2, 2006

The Honorable Robert Bennett
United States Senate
Washington, DC 20512-4403

Dear Senator Bennett:

The Enzi-Nelson bill (S.1955) will soon come up for consideration in the U.S. Senate. As the Utah official responsible for protecting insurance consumers, I recommend that you to vote "no" on the bill.

As you may know, the Washington staff of the NAIC has worked hard to bring the very real concerns of the nation's fifty insurance commissioners to the attention of the Chairman's staff and others and to forge a compromise bill that advances the interests of its proponents and maintains meaningful protections for the nation's health insurance consumers.

Please be assured that I have tried to understand, not only the bill, but also the positions of those that support it. However, I am not able to recommend that you vote for this bill. After much deliberation and consultation with my staff of insurance professionals, I ask that you to vote "no" on the bill when it comes up for vote in the Senate.

I have yet to find one single commissioner of insurance from any state who is in favor of the bill on its merits.

S.1955 simply will not work. This conclusion is based on the following points:

- It will result in premium variations ranging up to 25:1 for small businesses (e.g., \$100 v. \$2,500 for the same policy), and as a result, many currently insured people would be forced out of the private health insurance market;
- Enzi-Nelson will gut state oversight and enforcement authority in Utah through restrictions on rate and form authority and market conduct examinations;
- S. 1955 will allow insurers to sue the Utah Insurance Department in Federal court, in some cases on an expedited review basis. (No one in the United States has such an over-reaching right.) This provision has the potential to bankrupt or cause serious financial stress on the state's finances and could significantly increase the burden on Utah taxpayers. (I believe you have heard from Utah Attorney General

Page 2 of 2

Mark Shurtleff and other members of the National Association of Attorneys General on this point);

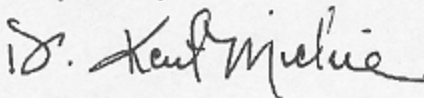
- S.1955 will open the door to increased fraud and abuse in the association health plan market and will limit the ability of my insurance fraud investigators to prosecute these criminal activities.
- S.1955 will not reduce the number of uninsured people in Utah or the United States and in fact will cause that number to increase;
- S.1955 will ultimately cause further shifting of costs of medical care to the rest of the population (either because sick people lose their coverage as a result of price hikes allowed under this bill or because they are uninsured for certain medical conditions that this bill would allow); and
- Most importantly, S.1955 does not address the ever-growing health care system crisis in the United States.

I believe the crux of the health care system crisis is runaway inflation in health care delivery costs. That is what is causing so many Utahns to drop out of the system and Utah businesses to stop providing health insurance plans to their employees. Many Utah small businesses simply cannot afford to stay in the current system. They are "priced out." Enzi-Nelson does not address that basic problem. If the costs of delivering health care are not abated, the ability of Utah business to compete in the U.S. economy and in the global marketplace will be at great risk or non-existent.

Again, I ask that you vote "no" on this bill.

As a senior and respected member of the United States Senate, you can direct the efforts of that body and Congress to the real issue—runaway inflation in health care delivery costs. With your influence and leadership, Congress can and must craft a solution that benefits not only businesses, large or small, but also employees and individuals acutely impacted by the health care system crisis. I urge you to use your credibility, position and influence to lead the fight in the Senate for meaningful health care system reform.

Respectfully,



D. Kent Michie
Commissioner