July 22, 2005

Dear Representative:

We are writing to express our opposition to the Health Care Choice Act (H.R. 2355), which puts consumers at risk because it allows insurers to choose to be regulated by any state. This means insurers will choose the state with the least amount of state oversight, consumer protections, benefit requirements and solvency standards. It will likely result in a few states with the weakest protections regulating the vast majority of the market.

We are very concerned that this law would encourage a race to the bottom, removing critical state consumer protections, creating the potential for more insolvent plans, and jeopardizing states' ability to effectively regulate insurance. This law would hurt millions of Americans who are not offered health coverage through their employer, or who are self-employed and purchase insurance in the individual market.

First, HR 2355 destroys important state law consumer protections. Because insurers will be able to choose to be regulated by the state with the least amount of protections, many consumer protections will be nullified. These laws protect consumers from unfair rates; ensure that insurance is offered to individuals with preexisting conditions; require that bills are paid promptly; and guarantee the provision of critical health benefits.

Second, this bill allows insurers to cherry pick, undermining states' efforts to create a balanced risk pool. Some states have laws that require insurers in the individual market to charge similar premiums for young and old, healthy and sick individuals. If people in a state with rating protections are allowed to buy insurance in a state without rating protections, the youngest and healthiest will be able to get a cheaper deal in the state with no protections, and will leave the protected state altogether. This will leave only the older and sicker individuals in the protected state market, making the cost unsustainable. Also, there is nothing in this bill that guarantees the offer of coverage for older and sicker people, or holds down the cost for these vulnerable consumers.

Third, this bill jeopardizes states' ability to enforce their laws and assist consumers with problems. Under H.R. 2355, a single state would be asked to monitor and regulate the sale of insurance across all 50 states. We question the capacity of a single state to protect the residents of all the other states who are purchasing insurance. In addition, this bill would require a state to become experts in all 50 states' laws in order to safeguard its own consumers, a task currently beyond the scope of state insurance departments' authorizing legislation. Further, states may be unable to assist nonresidents with problems**.**

For the above reasons, we urge you to oppose H.R. 2355, and work toward legislation that will protect the rights of consumers and ensure a stable health insurance market.

Sincerely,

American Diabetes Association
Consumer's Union
Families USA
National Women's Law Center