H.R. 2355, the "Health Care Choice Act"
A Bad Bargain For Consumers

H.R. 2355, the "Health Care Choice Act" is promoted as a bill that would give consumers access to more affordable health insurance. But it allows insurance companies to discriminate against the sick and avoid more stringent State consumer protection regulations. This bill would also create a regulatory morass and make it easier for unscrupulous health insurers to defraud consumers. At the same time those with various chronic diseases will soon face unaffordable insurance rates.

1. Undermines State Consumer Benefit Protections.

H.R. 2355 would allow insurance companies to avoid State consumer protections by establishing their product in a State that has few protections, then selling their product in other States, without needing to meet the specific regulations adopted in each State. Protections that these companies would be able to ignore include requirements of offering coverage to all individuals, regardless of their health status or age, requirements that insurers offer reasonable rates, or that insurers provide coverage for particular conditions or benefits.

2. Makes it Easier for Insurers to Discriminate Against the Sick.

Currently a number of States have laws aimed at ensuring that those with specific health needs can count on their insurance policy to meet those needs. This legislation would allow insurers to circumvent such requirements because they are licensed in a State that does not require similar protection. It would also allow these insurers to avoid requirements that bar excluding coverage of particular conditions or benefits from their policies, or discriminate against those who are sick.

3. Creates a Race to the Bottom for Our Nation's Health.

Rather than improve quality health coverage and outcomes, this legislation would hurt efforts to promote an improved system. Insurers would be able to deny health coverage to older and sicker individuals, making it less likely they would get needed care. Rather than encouraging insurers to provide medically appropriate benefits – such as screenings or treatments for illnesses as recommended by national medical organizations – it would allow insurers to shop around and locate in a State where they could exclude common sense coverage that many States require. This is not only bad for consumers in general, but it is bad for the health of our citizens because when people forgo needed care, their health outcomes often worsen.

4. Creates a Regulatory Morass.

H.R. 2355 would set up a system of regulatory confusion that benefits unscrupulous insurance companies. It would be difficult, if not impossible, for a State to assist consumers from other States who experience problems with an insurance company licensed in that State. States have very limited ability to go after an unscrupulous insurance company operating but not licensed in their State. Additionally, it would be difficult for consumers to determine which State laws apply to their policy and where to go for help, as these insurance companies could move from State to State frequently.

5. Increases Opportunities for Fraud and Abuse.

Because this legislation creates a regulatory morass, certain insurance companies may attempt to game the system and avoid regulation. This would make it more difficult for consumers to obtain redress from insurers who violate the law. And, it would be more difficult for insurance commissioners to sanction bad actors because these insurance companies would not be required to obtain licenses in States where they sell insurance. All of this undermines respectable insurance companies, tilts the scales in favor of bad actors, and leaves States and consumers more vulnerable to fraud, abuse, and other scams.