

MASSACHUSETTS ASSOCIATION OF HEALTH UNDERWRITERS

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May 16, 2007

Leslie Kirwan, Chair, Commonwealth Health Insurance Connector Authority
Secretary, Executive Office for Administration & Finance
State House, Room 373
Boston, MA 02110

Dear Ms. Kirwan:

RE: Minimum Credible Coverage & Affordability Criteria

The cost of health insurance has escalated over the past few years, to the point that many employers have had no choice but to pass rate increases onto their employees, or even to drop employer-sponsored coverage all together. Even the initial objective of Massachusetts health care reform to bring about low cost insurance was challenged when the carrier RFR's came in higher than anticipated. Now, the Connector Board is faced with establishing the Minimum Credible Coverage standards within the state, and their proposed coverage standards, even after some compromise, remain too high to bring affordable insurance options to the residents of our state.

Mandates are often well-intentioned, but the unintended consequences are significant. The minimum credible coverage standards proposed by the Connector Board are coverage mandates. The bottom line is that such high standards of coverage add to the cost of health insurance. The more mandates are imposed, the more people will find health insurance unaffordable and opt out, regardless of the tax penalties established in the law. The initial premise of minimum coverage was to ensure that people had at least \$100,000 hospitalization insurance to alleviate the pressure on the uncompensated care pool.

It is time for us to return to the principle that we are setting a **baseline** acceptable coverage and not to dictate what coverage people need without regard for their own health and financial situation. The goal of minimum credible coverage standards must allow for product flexibility, informed consumer choice, and creative solutions to bringing comprehensive yet affordable coverage to the market.

The Massachusetts Association of Health Underwriters (MassAHU) members service the health insurance needs of thousands of Massachusetts residents, and their clients include large and small employers as well as people seeking individual health insurance coverage.

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Every day, our members work to obtain insurance for clients who are struggling to balance their health care needs with their financial limitations. It is appropriate for some to choose a high deductible health plan, just as it makes sense for some to choose a high deductible on their homeowners' insurance. One of our primary goals as health insurance specialists is to help clients find the proper balance, based on factors such as current health and income

At this hearing, the Connector Board has also invited people to speak concerning the affordability standards proposed in health care reform. It is always difficult to draw a line in the sand to indicate which people get free care or subsidies, or no help at all. MassAHU has concerns about this issue in that higher income levels have been proposed to be exempt from the individual mandate. We feel that the income limits must remain narrowly defined to ensure that the largest number of people obtain insurance under health care reform. We recommend keeping the original proposed income limits, so long as the law allows for individual waiver consideration based on extenuating circumstances affecting the person/family's ability to find affordable coverage. Once again, the concept of a baseline benefit with minimum credible coverage will keep affordable insurance options within the reach of more people in our state, reducing the need to adjust the income threshold upwards to address affordability.

Respectfully,

Julia A. Jennings, RHU, LIA, CLTC

President
Massachusetts Association of Health Underwriters