



# Leadership Council of Aging Organizations

*Barbara B. Kennelly, Chair*

May 11, 2006

Dear Senator:

We, the undersigned members of the Leadership Council of Aging Organizations, are writing to express our grave concerns regarding S. 1955, the Health Insurance Marketplace Modernization and Affordability Act of 2005. This legislation, which would affect the more than 80 million people in state-regulated insurance markets, would likely increase health care costs for those who need health care the most, including older individuals with chronic health conditions and individuals with disabilities.

S. 1955 will preempt state benefit protections that are critical to older workers. Insurers would be allowed to offer coverage that meets no state requirements for benefits, putting consumers at risk of losing key benefit guarantees, including coverage for chronic conditions, cancer screenings and clinical trials. To gain this exemption from state law, insurers need only offer one other plan that includes coverage for the benefits, providers and services offered to state employees in one of the five most populous states – a requirement that offers no guarantee that workers have a comprehensive and affordable option for coverage. In fact, the requirement does not address cost sharing, so that an insurer may choose to make coverage available only after reaching a very high deductible. Furthermore, even if insurers choose to offer reasonably comprehensive coverage, older and sicker individuals would be more likely to enroll in the better coverage, raising costs for all who enroll in the plan.

This legislation would also replace state laws that limit the ability of insurers to vary premiums based upon health status, age, gender and geography with an outdated model law from the National Association of Insurance Commissioners. Insurers would be limited only in their ability to set rates based on health status; other factors could be used without limit. Because age-based rating alone can account for significant variation in rates, most states limit the ability of insurers to charge higher premiums for older individuals. This legislation would wipe out those state-based protections, leaving older workers at particular risk for discriminatory pricing.

The bill's broad flexibility for insurers to use discriminatory benefit design, pricing and marketing will adversely and disproportionately affect older workers, who are far more likely to develop chronic illness and cancer. While the bill's proponents tout the benefits of bare bones plans for young and healthy individuals, any gains under this legislation will come at the expense of those individuals who need health care the most. For these reasons, we urge you to oppose S. 1955.

Sincerely,

*AFL-CIO  
AFSCME Retiree Program  
Alliance for Retired Americans  
American Association for International Aging  
American Federation of Teachers Program on Retirement & Retirees  
American Foundation for the Blind  
American Society on Aging*

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*Association for Gerontology and Human Development in Historically Black Colleges and Universities*

*B'nai B'rith International*

*Catholic Health Association of the United States*

*Families USA*

*Gray Panthers*

*International Union, United Auto Workers*

*Military Officers Association of America*

*NARFE*

*National Academy of Elder Law Attorneys*

*National Association of Social Workers*

*National Association of State Long-Term Care Ombudsman Programs*

*National Caucus and Center on Black Aged, Inc.*

*National Committee to Preserve Social Security and Medicare*

*National Senior Citizens Law Center*

*OWL, The Voice of Midlife and Older Women*

*Service Employees International Union*