



Press Release

Health Plans Should Be Subject To State Regulation, Governors Say

WASHINGTON - NGA's Human Resources Committee reminded Congress during its Winter Meeting here that it should not exempt Association Health Plans from patient protections and other critical state insurance reforms.

Under legislation pending in Congress, AHPs would be granted a special exemption from state regulation, and would instead operate under skeletal federal rules and virtually no oversight.

In a letter sent to Sen. Olympia Snowe, who chairs the Senate Small Business Committee, NGA Human Resources Committee Chairman Indiana Gov. Frank O'Bannon and Vice Chairman North Dakota Gov. John Hoeven, wrote, "AHPs would be free to selectively market to healthy groups by selling stripped down benefit packages that exclude benefits now required by the states. AHPs also would be permitted to charge higher rates to - older, sicker - groups, a practice banned in many states. People could purchase minimal AHP coverage when they are healthy, but then jump back to state regulated insurance when they need more comprehensive coverage in the state-regulated market."

The Congressional Budget Office projected that AHP legislation would result in higher premiums for four out of five small employers if enacted.

"We strongly urge you to recognize the critical role states play in making health coverage affordable and accessible for our citizens. Please do not support AHP legislation [that preempts states], which would only tie our hands and exacerbate the task before us," the letter concluded.

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