

What is S.1955, The Health Insurance Marketplace Modernization and Affordability Act of 2006 (the Enzi Bill) and what will it mean for Connecticut?

The US Senate is now considering S. 1955, sponsored by Sen. Michael Enzi (R-WY), which attempts to give small businesses more flexibility in offering affordable health benefits to employees. However, the bill raises a number of concerns for Connecticut consumers and policymakers.

How would S. 1955 affect Connecticut consumers?

The bill would preempt Connecticut state insurance laws and regulations protecting consumers. Connecticut could no longer define minimum standards for benefits. Connecticut consumers covered by small business policies could lose access to thirty state-mandated services including emergency services, mental health care, minimum hospital stays after mastectomies, and various cancer screenings. Connecticut policymakers thoughtfully considered each of these standards, often over many years, before adoption. Connecticut legislators and regulators are closer to Connecticut consumers and in a better position to assess and address our needs.

How would S. 1955 affect Connecticut policymakers?

If Connecticut wanted to enforce its own consumer protection laws, insurers could sue the state and individual state officials in federal court for an injunction and "equitable relief".

Would S. 1955 reduce the costs of health insurance for small businesses?

Very unlikely. Under S. 1955, small businesses with even just one sick worker could see their premiums increase sharply. Right now, Connecticut limits the rates and variation in rates for small businesses, stabilizing the market. If S. 1955 passes, insurers could vary rates by +/- 25 percent based on health status, +/- 20 percent based on the type of business, +/- 15 percent based on the industry, and there would be no limits on variations based on age, sex or geography.

In a letter to the bill's sponsors, the National Association of Insurance Commissioners stated, "Deciding how risk will be spread in the market is very complicated and cannot be done on a 'one size fits all' basis."

In 2003 when New Hampshire passed rate-setting language similar to S. 1955, premiums for small businesses skyrocketed. According to Governor John Lynch, "Small businesses could not grow, could not hire new workers, and some considered ending their health insurance plans altogether." In 2005, New Hampshire repealed the legislation.

Who opposes S. 1955?

Dozens of groups oppose S. 1955 including the American Academy of Pediatrics, the American Nurses Association, American Diabetes Association, Planned Parenthood Federation of America, United Cerebral Palsy, Families USA, and the National Conference of Insurance Legislators.

Is there an alternative bill that could help Connecticut small businesses, consumers and the state?

Yes. The Small Employers Health Benefits Program Act of 2006, S. 2510, sponsored by Sen. Richard Durbin (D-IL) and Sen. Blanche Lincoln (D-AR) would reduce the costs of health coverage for small businesses with a tax credit. Under S. 2510, states could pool small businesses' insurance purchasing to further reduce costs. Unlike the Enzi bill, S. 2510 preserves state coverage laws and rate setting protections.

The US Senate is expected to take up S. 1955 sometime in May.

Bottom Line:

S. 1955 is a bad deal for Connecticut small businesses, consumers and policymakers.

Sources: S. 1995, Draft Chairman's Mark, *NCOIL Legislators Say No to Enzi's AHP Compromise Bill: Need to Protect Consumers, Solvency*, NCOIL Press Release, 3/2/06, NAIC Officers' letter to Sen.s Enzi and Nelson, 3/7/06, NHeLP Capital Communique, 4/17/06, Gov. Lynch letter to Sen. Gregg, 3/28/06, Stop the Erosion of State-Enacted Consumer Protections, Families USA, <http://www.familiesusa.org/issues/private-insurance/enzi/>.