Dear (Energy and Commerce Committee Member):

The undersigned organizations are writing to strongly urge members of the Committee to reject H.R. 1206, the Access to Professional Health Insurance Advisors Act of 2011, because it would undermine a provision of the Affordable Care Act that is already yielding tangible results for consumers.

This summer, 12.8 million consumers received $1.1 billion in rebates from health insurance companies in compliance with a provision of the Affordable Care Act, the medical loss ratio (MLR) rule. Had H.R.1206 been enacted, it would have nullified most of these rebates, effectively gutting the MLR rule. More importantly, the MLR requirement as currently implemented is putting downward pressure on insurance premiums as insurers with high administrative costs work to become more efficient.

The MLR rule is improving value for consumers by requiring insurers in the individual and small group markets to pay out at least 80 percent of premium dollars in the form of medical care or activities that promote quality improvement as opposed to administrative expenses such as marketing, sales expenses or executive salaries. Insurers in the large group market must spend 85 percent of premiums on medical care or quality improvement. Insurers that don't meet this standard must pay back to consumers and employers the amount by which they overspend on administrative costs.

When the National Association of Insurance Commissioners (NAIC) studied the issue, it estimated that carving out brokers from the MLR in the manner of H.R. 1206 would cut by 2/3s the amount of rebates consumers would receive.

There is already evidence to show that the MLR is causing insurers to lower premiums and spend premium dollars more efficiently. Nationally, United Healthcare's Golden Rule Insurance Company spent more than 35 percent of individual policyholder premiums on administrative costs and profits in 2010. But due to the new rule they've improved that figure to just over 21 percent in 2011.

Furthermore, while we believe that consumers and employers who want to use the services of agents and brokers should have access to them, there is no evidence that American consumers are having difficulty finding agents and brokers to assist them in insurance transactions or that they are complaining about reduced services. When the NAIC polled states with high MLR standards, states reported that they hadn't experienced problems with consumer access to brokers.

If enacted, H.R. 1206 will drastically decrease insurers' accountability for spending consumers' premium dollars responsibly. To ensure that hard-earned protections for consumers in the insurance market are not undermined, we therefore urge you to reject H.R. 1206.

Sincerely,

American Federation of Labor and Congress of Industrial Organization (AFL-CIO)

AIDS United

Alliance for a Just Society

American Federation of State, County and Municipal Employees (AFSCME)

American Federation of Teachers

American Heart Association

American Cancer Society Cancer Action Network

Center for Economic Justice

Colorado Consumer Health Initiative

Community Catalyst

Consumer Advocates: Project healthcare

Consumers for Affordable Health Care

Consumers for Affordable Health Care (Maine)

Consumers Union

Families USA

Health Access California

Health Care for America Now (HCAN)

Interfaith Worker Coalition

Iowa Citizen Action Network

The Maine Children's Alliance

Main Street Alliance

National Multiple Sclerosis Society

The National Partnership for Women & Families

National Women’s Law Center

National Physicians Alliance

The North Carolina Justice Center

Ohio Asian American Health Coalition

Ohio Citizen Advocates

Raising Women's Voices for the Health Care We Need

Service Employees International Union (SEIU)

Toledo Area Jobs with Justice

International Union, United Automobile, Aerospace & Agricultural Implement Workers of America (UAW)

UHCAN Ohio

USAction