



Formerly The Foundation for Taxpayer & Consumer Rights

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September 2, 2010

President Barack Obama
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

RE: No Special Interest Exemptions for Nearly Worthless Health Insurance

Dear Mr. President:

As you must be aware, lawyers and lobbyists for the health insurance industry and the Chamber of Commerce are attempting to undermine and eviscerate some of the most important provisions of your signature achievement, the Patient Protection and Affordable Care Act (PPACA).

Health insurance companies and their corporate clients are demanding that your Administration grant them a series of exemptions from requirements of the PPACA. They are resisting the ban on lifetime health policy limits, seeking exemptions from medical loss ratio requirements and are trying to limit reviews of “unreasonable” premium increases. However, we write today about one demand for which both groups are lobbying intensely—a blanket exemption from minimum annual benefit requirements for so-called “mini-med” limited benefit group policies. These policies, with ultra-low benefit caps and treatment limits, are often nearly worthless, even though national employers such as Wal-Mart and Lowe’s offer them to their lowest-wage employees.

We see insurers’ threats to exit whole markets, and employers’ threats to simply quit offering insurance if a \$750,000 minimum annual benefit cap is enforced as a test of your administration--one that will determine future corporate lobbying strategies in Washington and statehouses. We understand what is at stake: your promise in an election year that Americans can keep the insurance they have. But mini-med is not insurance as most middle-class people understand it.

This lobbying battle can be an opportunity to expose the high-profit mini-med market for the deception that it is, while still offering exemptions on an employer-by-employer basis. Employers must make public the terms of the policies they offer and the data supporting their argument that they would have to drop employee health insurance without the waiver. You must refuse any exemptions for employers trying to offer new limited-benefit policies.

A blanket exemption, far from saving employee health insurance, will encourage more employers to degrade coverage, even outside low-wage industries. A significant exemption will also be a foundation for the Chamber and the insurance industry to demand more and

greater concessions on rate reviews, rate disclosure and even the ban on lifetime coverage limitations.

Here are the grim facts about limited-benefit group policies:

- These policies have annual limits as low as a few thousand dollars and separate benefit restrictions, such as number of doctor visits.
- The mere possession of such pseudo-insurance may disqualify low-wage employees from receiving public assistance or hospital charity assistance if they fall seriously ill and are on the hook for tens of thousands of dollars in medical bills.
- Many part-time, retail and food service employees—an estimated 1.7 million people—may be offered *only* these mini-med policies, and do not know until they fall ill that their coverage will be used up with their first visit to an emergency room or with their first diagnosis of an illness more serious than annual flu.

Reports of heavy lobbying on this issue came up in conversations at the recent summer meeting of the National Association of Insurance Commissioners, though it has received little mainstream media attention.

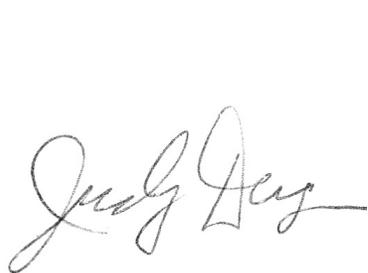
Because mini-med policies protect insurers and employers from any catastrophic illness claims, the policies are highly and predictably profitable. It is not likely that the policies will meet the PPACA requirement for spending a minimum of 85% of premiums on medical care, and the industry will be back for another waiver on that.

The employees with this mini-med coverage, including temporary and part-time workers stuck in a stagnant job market, are among the least powerful politically and the least able to understand the worthlessness of this “employee benefit.” Their employers and the insurers that service them are using the threat of dropping employee insurance altogether to pressure your administration--HHS, the Treasury Department and the Department of Labor--to grant them a broad exemption from the floors on annual limits starting next year, and elimination of annual coverage limits in 2014.

We strongly urge you to reject the broad exemptions demanded by special interest lobbies for powerful employers and the insurance industry, at the expense of struggling low-wage workers.

Only standing up to these special-interest lobbying demands now will prevent greater degradation of the health reform law that is a signature achievement of your presidency.

Sincerely,



Judy Dugan



Jerry Flanagan



Carmen Balber