



April 1, 2008

The Honorable Margaret Hassan
New Hampshire State Senate
State House
107 N. Main St., Room 302
Concord, N.H. 03301

Re: SB 468

Dear Senator Hassan:

On behalf of the Self-Insurance Institute of America (SIIA), representing the thousands of New Hampshire employees and their families who receive their health coverage through self-insured public and private plans, as well as self-insured employers, stop-loss insurance providers and Third Party Administrators, we urge you as the sponsor of SB 468, to specifically exclude stop-loss insurance from the assessed entities responsible for funding the proposed reinsurance pool.

While a proposed plan of health insurance for members of the small group market currently unable to afford coverage is a laudable goal, SB 468 in its current form is unfair and potentially harmful to public and private small employers. In effect, including stop-loss insurance as a form of coverage to be assessed, will hurt, not help, the very group this proposal is aimed at.

Small employers and public programs that self-insure their employee benefits have far less resources than their large business counterparts and are therefore far more likely to purchase a stop-loss policy to cap the risk of their self-insured health plan. Assessments on stop-loss policies will be passed on in the form of higher costs for coverage to plan sponsors and/or employees covered by those plans –groups that are already struggling to afford health coverage. Additional costs to health plans sponsored by small businesses will likely result in decreased benefits or dropping of coverage altogether by small employers. While the intent of SB 468 is to provide an affordable option to the small group market, the likely result of its enactment in its current form, would be a significant *increase* in those in the small group market unable to afford adequate coverage.

Secondly, assessments on stop-loss insurance are also inherently unfair. As you know, stop-loss insurance is only used as a form of secondary, catastrophic indemnity insurance for the employer. Therefore, premiums for stop-loss insurance are much lower than for traditional

health insurance products. As stop-loss insurance under this legislation would be required to pay the exact same per-life/per-month assessment as traditional health insurance, the assessment of stop-loss would be a much higher proportion of its premium – an unfair cost.

Lastly, stop-loss insurance should be excluded from this proposal as it is not a form of health insurance and should not be treated as such. As you may know, stop-loss insurance is used by employers/plan-sponsors that choose to self-insure their employee-benefit plans. The stop-loss policy is used as a means to cap the employer's risk liability to the plan. Stop-loss insurance does not pay any beneficiaries' claims; it is instead used to reimburse the employer for any claims beyond a predetermined attachment point.

While SIIA and our New Hampshire members support the noble efforts of this proposal to increase the affordable health coverage options in the small group market, we have serious concerns with the negative consequences and inherent unfairness with having stop-loss insurance assessed to achieve this goal.

SIIA and our New Hampshire members are willing to offer suggestions and work with members of the legislature and the business community to assist in crafting legislation that can benefit those who are unable to secure traditional health insurance, without penalizing small employers that provide benefits and their employees and their families that depend on those benefits. Please contact myself or our Manager of Government Relations, Jay Fahrer at 202-463-8161. SB 468, without excluding stop-loss insurance, is not the way to handle this complex issue. We urge you to implement our recommendations.

Sincerely,

Michael Ferguson
Chief Operating Officer

cc: SIIA's New Hampshire Members
SIIA Board of Directors
SIIA Government Relations Committee