

April 25, 2006

Dear Senator,

As you know, diabetes impacts almost every American, either directly or through a close friend or family member who lives with the disease. Diabetes takes 224,000 American lives every year and costs our nation more than \$132 billion annually. The only chance we have to reduce the numbers of lives lost from diabetes –as well as the money lost because of the disease – is to make sure that as many Americans with diabetes as possible have access to affordable and adequate health insurance. S. 1955, the Health Insurance Marketplace Modernization Act, undermines both of these goals. **On behalf of the American Diabetes Association, I strongly urge you to oppose S. 1955.** I want to share with you some of the larger concerns I have for children and adults with diabetes under the scenarios created by Senator Enzi's bill:

***Americans with diabetes will lose the guarantee of coverage to manage their disease and prevent costly and deadly complications.*** 20.8 million children and adults have diabetes, and an additional 41 million have pre-diabetes. In 46 states, residents are protected by state laws which require health insurance coverage of diabetes medications, equipment, services and supplies. This enables millions of Americans with diabetes to have their eyes screened for diabetic retinopathy (a leading cause of blindness), receive a podiatric exam to prevent lower limb amputation, and take a diabetes self-management class to learn how to manage their disease and prevent complications. These laws also ensure that medications such as insulin and oral prescriptions are affordable for people with diabetes. Under S. 1955, the guarantee of this coverage will be eliminated.

Even among the plans from the 5 most populous states in the “comprehensive option,” diabetes coverage is *not* guaranteed and in many cases the fundamental lifeline of insulin is not even covered by plans which permit only generic prescription drugs. The need for diabetes care will not diminish simply because coverage shrinks. We must ask ourselves how people with diabetes will be able pay for a disease that costs an average of \$13,243 per person to manage (compared to \$2,560 for a person without diabetes). Unfortunately, it will be our emergency rooms and Medicaid system that are forced to pay, thus overburdening an already strapped public health infrastructure.

***Rating provisions in the Enzi bill will allow people with diabetes to be priced out of the health insurance market because of their health status, age, gender and geography.*** S. 1955 allows insurers to make premiums unaffordable for people with diabetes and other chronic diseases based on their health status. Currently, most Americans in group insurance health plans cannot be required to pay more based on their health status because they are protected by nondiscrimination clauses in state laws. S. 1955 would pre-empt these laws. Additionally, S. 1955 permits insurers to vary premiums indefinitely based on a person's gender, age and geography. Because diabetes disproportionately impacts many of the minority groups that make our nation so culturally rich, this would allow “redlining” by pricing many minorities out of the insurance market based on the neighborhood in which they live.

***Many small businesses will face increases in premiums and little choice in coverage options for their employees.*** There is evidence which indicates that deregulating the insurance market and pre-empting state rating laws will drive up costs for small businesses. In an April 6, 2006 Senate Finance Committee hearing, expert economist Deborah Chollet, Ph.D., of Mathematica Policy Research, testified that,

In a series of legislative initiatives since 2001, Minnesota relaxed its small group rating restrictions (including community rating) in response to the industry's argument that more insurers would enter a deregulated market and that greater competition would drive down costs. Since 2001, the small-group market has seen double-digit premium increases each year, despite significant growth in deductibles and other cost sharing for covered services, and the percentage of small-group workers covered by their own employer has dropped sharply. Fewer people are now covered in the small group market, and insurer loss ratios have declined to the statutory minimum—suggesting that the small group market has in fact shed risk.

A similar experiment in New Hampshire yielded similar results, and New Hampshire quickly repealed its deregulation laws after employers experienced premium increases of 50%- 80%. The only modification in Senator Enzi's bill is to include a "transition period" which will merely allow premiums to skyrocket over a longer period of time, but will not prevent the actual increases.

It is also important to note that after fighting for more than a decade to stay competitive against large employers by providing health insurance, small business employers will get little choice in which coverage options to offer their employees. Most of the choice is given to the insurers, few plans subsequently offered to the employers, and no choice (even the option to personally absorb a larger premium to obtain coverage for their diabetes or other health needs) is given to the employee/consumer.

***With its sweeping scope, S. 1955 could push more people out of insurance market than it is estimated to cover.*** Senator Enzi's bill makes these sweeping reforms to the entire state-regulated health insurance market, not simply the small business market – thus impacting more than 83 million Americans who currently have quality health insurance because of state laws. In the attempt to provide relief to small business employers, S. 1955 impacts employees in the individual, small and large group markets – potentially creating a new epidemic of underinsurance and pushing the chronically ill, females, elderly and minorities out of the market because of inflated premiums from rating discrimination. At the same time, S. 1955 is estimated to only provide new coverage to 2% of the 46 million uninsured Americans.

Senator, even if we could add guaranteed diabetes coverage to S. 1955, the rating provisions in the legislation will make that coverage unaffordable for far too many Americans with diabetes. For all children and adults living with this deadly disease, health insurance is a lifeline, not a luxury. **I ask you to stand with us in opposition to this dangerous bill, it is discrimination based on diagnosis.** If you have any questions or would like additional information, please contact Angie Montes, Director of Federal Government Affairs, at 703-299-2087, or [amontes@diabetes.org](mailto:amontes@diabetes.org).

Warmest regards,



Lawrence T. Smith  
Chair of the Board