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Testimony of

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Before the

House Energy and Commerce Committee

Oversight and Investigations Subcommittee

On

June 16, 2009

TESTIMONY OF RICHARD A. COLLINS
BEFORE THE COMMITTEE ON ENERGY AND COMMERCE
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
JUNE 16, 2009

Chairman Stupak, Ranking Member Walden, and members of the subcommittee, thank you for inviting me to testify today on the individual insurance market. My name is Richard Collins, and I am the CEO of Golden Rule Insurance Company, a UnitedHealth Group business that sells health insurance policies to individuals and their families.

Golden Rule has been offering this important coverage option for more than 60 years. We seek to offer innovative and affordable products that meet the diverse health care and financial needs of our customers.

In our current system of health care delivery, the individual insurance market operates primarily for families who do not have access to group coverage or to government health benefit plans. Unfortunately, for a variety of reasons some individuals choose not to purchase private health insurance until they have a significant health event. This decision not only has an enormous physical and financial impact on these individuals and their families, but raises the cost of health care for everyone.

We have long advocated that our country needs comprehensive health reform that includes modernizing our delivery system, tackling the fundamental drivers of health care cost growth, strengthening employer-based coverage, and providing well-targeted support for low-income families. Further, these fundamental elements of reform should be pursued alongside the constructive changes to the individual insurance market that we, along with our industry partners, have proposed.

To be effective, we believe modernization of the individual market needs to contain all of the following elements.

- First, individuals must be required to obtain and maintain health coverage so that everyone participates in both the benefits and the costs of the system.
- Second, insurers should be able to set rates within the limited parameters of age, geography, family size, and benefit design – just as they do in the group market. Similarly, individuals should be permitted to take advantage of lower rates if they make healthy lifestyle choices. However, rates should not vary based on health status, and coverage should be guaranteed, regardless of pre-existing medical conditions for those that maintain continuous coverage.
- Third, low- and middle-income families should receive some form of subsidy to ensure that they have access to the same care as all other Americans.
- Fourth, insurers should be able to offer a wide spectrum of plan designs to allow American families the flexibility to choose a plan that fits their budget.
- And lastly, the tax treatment of individual insurance premiums should be on par with that for employer coverage.

Until comprehensive reform is achieved, we believe that the medical underwriting of individual policies will continue to be necessary. If these changes are instituted, most of the reasons for individual medical underwriting – as well as most of the reasons that individual policies are rescinded or terminated – would cease to exist.

Our company mission is to improve the health and well being of all Americans. In the individual market we accomplish this by covering as many consumers as possible with quality health insurance. We also work to keep our products affordable to accomplish our mission. We have a responsibility to treat all of our members fairly and I can assure you we take this responsibility very seriously.

As you know, the practice of rescission has long been recognized by the laws of virtually every state. Rescission is an unfortunate but necessary recourse in the event of a material – and at times intentional or fraudulent – misstatement or omission in an insurance

application. Under our current system, failure to act on these cases is fundamentally unfair to individuals and working families that play by the rules and it would further limit our ability to provide quality and affordable health care for every American.

In the rare event that we determine it is necessary to rescind coverage after a thorough investigation of the facts and in compliance with existing state laws and regulations, we follow practices and procedures designed to ensure a fair and transparent process for the individual. And, as I indicated, our use of rescission is rare. Less than one half of one percent of all of our individual insurance contracts in 2008 were terminated or rescinded. And in each case the affected customer was afforded the right to appeal.

We look forward to working with this committee, the Congress and state and federal regulators on ways to continue to expand access to affordable health insurance coverage in the individual market. Thank you.