TESTIMONY OF

ASSURANT
Health

DON HAMM
PRESIDENT AND CEO
ASSURANT HEALTH

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
COMMITTEE ON ENERGY AND COMMERCE
U.S. HOUSE OF REPRESENTATIVES

ON

INDIVIDUAL HEALTH POLICIES

JUNE 16, 2009

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Chairman Stupak, Ranking Member Walden, and Members of the Subcommittee, I am Don Hamm, President and CEO of Assurant Health.

I welcome the opportunity to participate in this hearing. It is through dialogue like this that we can achieve the goal we all share – providing health care coverage for all Americans.

We appreciate that Congress and the Members of this Subcommittee are committed to finding the right ways to address health care reform. If a system can be created where coverage is available to everyone and all Americans are required to participate – the process we are addressing today – rescission – becomes unnecessary because risk is shared among all.

I passionately believe that everyone must have access to high-quality, affordable health care regardless of their income or health status. I am proud to lead a great organization that provides insurance coverage to individuals and families in 45 states.

People need our products, and we are proud to provide them.

Assurant Health is the brand name for individual medical insurance products underwritten and issued by Time Insurance Company and John Alden Life Insurance Company. We have been in the health insurance business for a long time. In fact, Time Insurance is one of the nation's oldest health insurers.

Assurant Health is headquartered in Milwaukee, with offices across the country. There are almost 2,500 employees on the Assurant Health team and our products are offered through more than 150,000 local insurance agents.

Individual Medical Insurance

Assurant Health understands the importance of health care coverage. More than 17 million Americans are covered by individual medical insurance.

Participation in the individual insurance marketplace is voluntary. Consumers decide when to purchase insurance and have a broad spectrum of alternatives.

Individual medical insurance is not dependent on employment, but rather, is portable and belongs to each individual. In these uncertain economic times, individual medical insurance provides increasingly important benefits to a growing number of people who do not receive employer-sponsored health care coverage.

Under the current system, all insurance companies must thoroughly analyze risk through the underwriting process before they offer coverage. Without doing so, the cost of coverage for all insurance would increase. Insurers rely on the accuracy of the medical information gathered through the enrollment process to make coverage decisions and to appropriately price and manage the risk they accept.

The Underwriting Process

Under the current system, where purchasing health care insurance is voluntary, people applying for coverage are asked about their medical history and status. Insurers seek information about medical treatment, visits, medications and symptoms.

Assurant Health's enrollment questionnaires are written in simple, easy-to-understand, straight-forward language so that people can easily and accurately report their medical history. If the questions on the application are answered accurately and completely, then we are able to assess the health risk and determine whether to offer coverage and at what price. Risk is pooled and prices are set based on the overall risk posed by the population of people that qualify for coverage.

The vast majority of people fill out the enrollment form completely and accurately and we rely upon that information when determining whether to issue coverage. That is why we do not, as a matter of course, request medical records on each applicant who applies. To do so would be unnecessarily intrusive, limit access to health coverage by delaying issuance, and significantly increase administrative costs for all policyholders.

When we become aware of incomplete or inaccurate health information on the enrollment form, we inquire further. If additional review is needed, we ask the applicant for clarification and we may also request medical records from treating physicians in appropriate circumstances. Applicants often have immediate need for protection and we try to make our underwriting process as efficient as possible.

Assurant Health provides people with multiple opportunities to review their enrollment forms for accuracy and completeness. Once an offer of coverage is made, we mail the insurance contract and enclose a copy of the enrollment form. We remind customers that we have relied on the information on the enrollment form and ask that they read and review it for accuracy and completeness. We point this out both in a short cover letter and on the first page of the contract itself. The consumer is given 10 days to notify us of any inaccurate information or to reject the coverage.

Review Process

Unfortunately, there are times when we discover that an applicant did not provide complete or accurate medical information when we underwrote the risk. When this information comes to our attention, a senior underwriter reviews it to determine if it would have been material to the underwriting decision. A different underwriting manager then verifies the analysis. If we determine that the omission was not material, the review is complete and we do not rescind the coverage.

If the omission was material, the underwriting manager makes a recommendation to a review panel, which includes at least one physician. This panel evaluates the information and makes a decision. The amount of the potential claim is never disclosed to the underwriters or review panel.

The decision to rescind is made only in cases where the undisclosed information would have made a material difference to the underwriting decision based on our guidelines.

The consumer is given the opportunity to provide additional information before coverage is rescinded. This information is evaluated and a decision is made.

If the consumer is dissatisfied with the decision, we provide multiple opportunities for appeal, which now include the option to request a medical review by an independent, third-party company.

If the rescission review process determines that the omitted information is material, Assurant Health attempts to avoid rescission by offering other options. For example, many people are offered an exclusionary rider for the previously undisclosed condition, so that the coverage otherwise continues in effect. Even if the application would have been declined had the accurate information been known when we underwrote the risk, Assurant Health does not rescind coverage for the entire family, but rather, offers to "reform" the coverage so that other family members can maintain their health insurance coverage.

Rescission is rare. It affects less than one-half of one percent of people we cover. Yet, it is one of many protections supporting the affordability and viability of individual health insurance in the United States under our current system.

ASSURANT Health

Health Care Reform in the United States

Assurant Health supports the principle that everyone in the United States deserves access to affordable healthcare regardless of their income or health status.

We see reform of our Nation's healthcare system as a shared responsibility between doctors, consumers, health insurers and policy makers – who collectively can develop effective solutions to provide coverage for all citizens.

Americans deserve a better health care system and that is why Assurant Health continues to participate in efforts to improve health care in the United States.

Thank you.

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Committee on Energy and Commerce
U.S. House of Representatives

Witness Disclosure Requirement - "Truth in Testimony"
Required by House Rule XI, Clause 2(g)

Your Name: Don Hamm

	Yes	No
1. Are you testifying on behalf of a Federal, State, or local Government entity?		X
2. Are you testifying on behalf of an entity that is not a Government entity?	X	

3. Please list any Federal grants or contracts (including subgrants or subcontracts) that <u>you personally have received</u> on or after October 1, 2006:

None

4. Other than yourself, please list which entity or entities you are representing:
Assurant Health, the brand name for insurance products underwritten and issued by Time Insurance Company and John Alden Life Insurance Company

5. If your answer to the question in item 2 in this form is 'yes,' please list any offices or elected positions held or briefly describe your representational capacity with the entities disclosed in the question in item 4:

President and CEO

	Yes	No
6. If your answer to the question in item 2 is 'yes,' do any of the entities disclosed in item 4 have parent organizations, subsidiaries, or partnerships that you are not representing in your testimony?		X

7. If the answer to the question in item 2 is 'yes,' please list any Federal grants or contracts (including subgrants or subcontracts) that were received by the entities listed under the question in item 4 on or after October 1, 2006, that exceed 10 percent of the revenue of the entities in the year received, including the source and amount of each grant or contract to be listed:

None

Signature: D Hamm **Date:** June 12, 2009

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Don Hamm

Assurant Health
President & CEO

Don Hamm became President of Assurant Health in September 2002 and Chief Executive Officer in January 2003. Don has a long history with the company. Starting in 1982, he served as Chief Information Officer while also heading up health operations and the Small Group department. He then worked as a principal with William M. Mercer, a consultant with Tillinghast Towers Perrin and Vice President of the Southeast Region for Blue Cross/Blue Shield of Wisconsin. He rejoined Assurant Health in 1999 as Senior Vice President and Chief Financial Officer.

Don has a bachelor's degree in actuarial science from Drake University and a master's degree in health care management from the University of Wisconsin – Milwaukee (UWM). He is a Fellow in the Society of Actuaries (FSA), a member of the American Academy of Actuaries (MAAA) and a Fellow of the Life Management Institute (FLMI).

Don serves on the Executive Committee of America's Health Insurance Plans (AHIP) and is active in the community, serving on the board of the Milwaukee Symphony Orchestra and the Greater Milwaukee Committee. He is also an advisory council member of the UWM School of Business and has served as the Co-Chair of the Health Division for the United Way Workplace Giving Campaign from 2006 through 2008.