



September 24, 2009

Senator Max Baucus
Chairman
Committee on Finance
United States Senate
Washington, DC 20010

Dear Mr. Chairman:

We are writing to express our strong opposition to Senator Rockefeller's amendment mandating "24-hour health coverage" as filed for consideration in the Senate Finance Committee's on-going markup of health care legislation. This amendment proposes to merge the medical components of workers' compensation and auto insurance with health insurance. As a result, the amendment would upend the systems now in place to protect injured workers, drivers and passengers.

Health insurance reform is already a major legislative undertaking. Integration of the medical components of workers' compensation and auto insurance is a very complex issue in its own right. This matter has not been the subject of hearings in the Finance Committee or any Congressional committee. In light of the serious damage it would do to our nation's workers' compensation and auto insurance systems, we respectfully urge the Finance Committee not to add the Rockefeller Amendment to the pending bill. The following is a list of reasons not to do so:

- The concept of "24-hour coverage" was looked at in the 1970's and again in the early 1990's and not pursued. Among other factors, implementation would be extremely difficult. In addition, several states experimented with pilot projects (California, Kentucky, and Oregon) that were not successful.
- Workers' compensation and traditional health insurance are very different. Workers' compensation health coverage is part of a package of benefits for injured workers that most states require employers to purchase. Workers' compensation health benefits are administered with these other benefits in a coordinated manner. As a result, the health portion cannot simply be taken out of

the workers' compensation systems as the Rockefeller Amendment proposed without examining its broader implications.

- Workers' compensation coverage is by its very nature exclusively no fault. By contrast, traditional health insurance is not. Integration or merger of these completely different systems would cause serious impacts on both sides. The litigation questions alone are reason enough not to pursue the amendment on the pending health care bill.
- Workplace safety is a serious issue. Workers' compensation premiums are determined by the particular track record of each employer. Workers' compensation insurers have special expertise in workplace safety and work closely with employers. If the existing experience rating of premiums is not incorporated in any merger, employers would lose existing incentives to promote safety. This would also harm companies that have engaged in best safety practices while potentially rewarding those that do not.
- "24-hour coverage" would destroy the healthy and competitive auto insurance marketplace. The premiums charged for this coverage are highly risk based, meaning that the pricing creates a very strong financial incentive to avoid engaging in dangerous behavior such as drunk driving and violating safety laws, so the auto insurance system works to prevent accidents, deaths, injuries and their related economic losses, including health care costs.
- Adding auto insurance medical coverage to the traditional health insurance system would not solve the many challenges already facing that system, including the need to reduce costs. In addition, auto insurers have developed and implemented sophisticated anti-fraud programs that effectively prevent fraudulent payments under auto insurance coverages. These very successful anti-fraud measures would be lost if auto insurance medical benefits are integrated into health insurance.

In sum, we have not heard of any compelling reasons to expand the number of issues being addressed in the pending legislation by completely overturning the existing medical benefits provided through workers' compensation and auto insurance. This is particularly so when the full ramifications of such a major step have not been fully explored. As a result, we urge you to vote NO if the Rockefeller 24-Hour Care Amendment comes up for consideration.

Sincerely,

American Insurance Association
The Council of Insurance Agents and Brokers
Independent Insurance Agents and Brokers of America
National Association of Health Underwriters
National Association of Mutual Insurance Companies
Property Casualty Insurers of America