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Advisors Eager to Work with New Administration and Congress

FALLS CHURCH, VA – November 5, 2008 – The Association of Health Insurance Advisors (AHIA), the health and employee benefits advocacy division of the National Association of Insurance and Financial Advisors (NAIFA) is eager to work with the new Administration and the 111th Congress to improve the American health care system.

The health care reform challenges are to bring uninsured Americans into the system and to reduce the high cost of health care for everyone. Of course, these two challenges are related and one cannot be solved without tackling the other.

AHIA-NAIFA Health and Employee Benefits believes previously proposed solutions including individual and employer mandates to purchase coverage, caps on employer-provided health premium deductibility for workers, and the establishment of quasi-government entities to provide a menu of private and public insurance plan options do not fully address the cost of care (visit www.ahia.net to learn more about our policy recommendations and positions).

“These misguided proposals would provide limited choices and leave little or no role for insurance professionals who now guide individuals and employers through the process of assessing and meeting their health care needs,” states AHIA President Robelynn H. Abadie, LUTCF, CSA, RFC. “Statistics show that mandates for auto insurance have not significantly reduced the number of uninsured or underinsured motorists. Government-imposed wage and price controls usually exacerbate the problem. States with guaranteed-issue and community rating (NJ, NY, VT, MA, ME) have some of the highest individual premiums in the country.”

Abadie continues, “Pooling mechanisms are not new.” There have been approximately ten purchasing pools tried. None have been successful in lowering costs. Perhaps the most successful was the California plan known as ‘The Health Insurance Plan of California’ created in the early 1990’s. It later changed its name to PacAdvantage and it’s no longer in business.

“However, repeated failures have not dissuaded lawmakers,” laments Abadie. “Numerous states continue to push for them under the new names of ‘connectors’ or ‘exchanges’.”

AHIA-NAIFA Health & Employee Benefits believes that the industry, state and federal governments, as well as consumers need to bear the responsibility of addressing health care costs. However, solving the underlying problem – preventing chronic diseases – should be the starting point of reform efforts. The Centers for Disease Control and Prevention (CDC) estimates that eliminating three risk factors – poor diet, inactivity, and smoking – would prevent:

- 80% of heart disease and stroke;
- 80% of type 2 diabetes; and,

- 40% of cancer.

Increased education is needed to help consumers better understand their role in the health care marketplace. Providing consumers with information on fees and treatment options will lead to more price-conscious behavior. Education programs on disease prevention, proper diet and exercise will encourage healthier lifestyles, thus reducing the financial burden on the healthcare delivery system.

Chronic disease not only affects health and quality of life, but is also a major driver of health care and thus health insurance costs. According to the CDC, chronic disease accounts for about 75 percent of the nation's aggregate health care spending - or about \$5,300 per person in the U.S. each year. In taxpayer-funded programs, treatment of chronic disease constitutes an even larger proportion of spending - 96 cents per dollar for Medicare and 83 cents per dollar for Medicaid.

Senator Tom Harkin's (D-IA) remarks on the need to reduce childhood obesity sum it up nicely: "If all we talk about is how to pay the bills [for health care] we're not going to get anywhere."

***About AHIA:** AHIA is the NAIFA Health and Employee Benefits advocate protecting the role of the advisor in offering affordable choices in a competitive marketplace. AHIA members are NAIFA Federation members actively involved in the sale of group and individual health related products including disability, long-term care, critical illness, Medicare supplement insurance and work site products.*

***About NAIFA:** Founded in 1890 as the National Association of Life Underwriters, the **National Association of Insurance and Financial Advisors** comprises nearly 800 state and local associations representing the business interests of 60,000 members nationwide. Members focus their practices on one or more of the following: life insurance and annuities, health insurance and employee benefits, multiline, and financial advising and investments. NAIFA's mission is to advocate for a positive legislative and regulatory environment, enhance business and professional skills, and promote the ethical conduct of its members. Visit NAIFA's website at www.naifa.org.*

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