



AMERICANS FOR TAX REFORM

LEGISLATIVE ALERT

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Guaranteed Issue is Poor Public Policy

Americans for Tax Reform (ATR) strongly opposes efforts to implement guaranteed issue health care “reforms” in Congress.

Guaranteed issue legislation mandates that every person who applies for health insurance must be issued coverage. In the states that have implemented guaranteed issue – Maine, Massachusetts, New Jersey, New York, and Vermont – health insurance premiums have skyrocketed and insurers have fled. Escalating premiums force many consumers to drop their coverage, reducing the health insurance pool to the sickest among us with the costliest needs. Rather than making health insurance more accessible and affordable for healthy persons, the opposite occurs.

Choice, competition, and reasonable premiums encourage families to invest in coverage and reduce the likelihood of their need for public assistance. Taxpayer-funded health care programs are bloated with inefficiencies and the funding associated with these programs continues to expand, despite budget shortfalls and deficits. Taxpayers deserve real reform that encourages individual choice, competition between insurance plans, and lower premium costs – not the opposite.

Guaranteed issue has caused premium prices to increase dramatically in the

states that have implemented it. U.S. Senator Susan Collins (R) of Maine recently noted, “Anthem Blue Cross Blue Shield – the single remaining carrier in Maine’s nongroup market – has increased its rates by 40 percent over the past two years.”

In New Hampshire, where guaranteed issue was passed in 1994, three of the six insurers had fled the market within three years, the individual policy count decreased by half, and Blue Cross premiums *doubled*.

New Jersey also passed guaranteed issue legislation in 1994. Prior to guaranteed issue, a family policy with a \$500 deductible cost between \$504 and \$1076 per month. In January of 2002 that same policy cost between \$3085 and \$17,550 *per month*.

Several states have experimented with policies of this type, and the reforms have backfired in the worst possible way. ATR encourages Members of Congress to consider these examples carefully. Some in Congress have recently attempted to implement further guaranteed issue requirements on a federal level, and this is a dangerous and irresponsible reform. ATR strongly opposes guaranteed issue legislation and any legislation that stifles individual choice and imposes higher costs.