

February 8, 2011

**Statement  
Of  
Anthem Blue Cross and Blue Shield  
On  
HB 5449 An Act Permitting State Residents To Purchase Health Insurance From Foreign Insurers**

Good afternoon Senator Crisco, Representative Megna and members of the Insurance Committee, my name is Christine Cappiello and I am the Director of Government Relations for Anthem Blue Cross and Blue Shield in Connecticut. I am on testifying on  
**HB 5449 An Act Permitting State Residents To Purchase Health Insurance From Foreign Insurers.**

We are concerned about **HB 5449** because of the impact on “cross border sales” will have on healthcare consumers. By “cross-border sales” we mean the sale in State B of individual market products by an insurer licensed in State A, where both company and product are regulated by State A but not by State B. Anthem embraces a competitive insurance environment; however, all competitors must be subject to the same rules and regulations. Allowing cross-border selling could enable insurers to become licensed in states with the most lenient insurance rules which, in combination with uncertainty as to regulatory authority or jurisdiction, could lead to a loss of key consumer protections. Cross-border selling could put consumers at risk of purchasing insufficient coverage, as consumers looking for affordable health care coverage may not be fully aware of what they are purchasing from other states (i.e., they may be purchasing coverage less rich than that which they are accustomed to within their home state). This could put both their health and their finances in jeopardy. While in theory a seemingly practical way to increase competition for the benefit of consumers, allowing insurance companies licensed in one state to sell individual policies in another state—without being subject to the sale state’s regulation of their company or products—creates an un-level playing field in which new market entrants would be able to cherry-pick the best risk (healthiest) individuals from established local carriers until it is no longer profitable for them to do so.

Out-of-state insurers choosing to sell policies in other states will not have well-established local provider networks. Not only will this limit the range of providers to which consumers have access if purchasing an out-of-state policy, but it will also result in out-of-state plans incurring (and ultimately passing along to consumers) health care costs that are higher than those of well-established local plans with the ability to optimize value-based reimbursement arrangements and managed care protocols with providers. In some cases, lack of broad networks may even cause some carriers to abandon the market, leaving some policyholders vulnerable.

Furthermore, cross-border selling legislation may lead to increased litigation. Disreputable insurers could attempt to circumvent regulators and regulations in both the state where the policy is sold as well as the state in which they are licensed, ultimately leading to court disputes and undermining the reputation of the insurance industry.

Finally, from a state revenue perspective, if cross-border selling of health insurance is permitted, states may risk loss of premium tax revenue attributable to policies sold by out-of-state insurers

We respectfully ask the committee to reject this legislation. We thank you for the opportunity to speak to the committee on this bill and welcome any questions that you might have.

Anthem Blue Cross and Blue Shield is the trade name for Anthem Health Plans, Inc. Independent licensee of the Blue Cross and Blue Shield Association. © ANTHEM is a registered trademark of Anthem Insurance Companies, Inc. The Blue Cross and Blue Shield names and symbols are registered marks of the Blue Cross and Blue Shield Association.