**NATIONAL CONFERENCE OF INSURANCE LEGISLATORS**

**RESOLUTION ON FEDERAL PREEMPTION OF STATE LAWS REGARDING CERTAIN HEALTH INSURANCE ARRANGEMENTS**

*Adopted by the NCOIL Health and Executive Committees on February 26, 1999.*

# *Reviewed and readopted by the NCOIL Health Insurance and Executive Committees on March 2, 2001.*

### *Amended by the Health Insurance and Executive Committees on February 21, 2003.*

***Summary***

This resolution opposes any efforts in Congress to preempt state authority to regulate health insurance arrangements offered by certain associations and business groups, commonly known as association health plans (AHPs) or multiple employer welfare arrangements (MEWAs).

WHEREAS, NCOIL has always been supportive of state regulation of insurance, and opposed to federal laws which permit health insurance to be sold within states, but exempt from the laws of those states; and

WHEREAS, congressional enactment of legislation to exempt insurance arrangements offered by associations and MEWAs from state insurance reform standards would allow AHPs and MEWAs to be regulated by the federal government under inadequate federal standards; and

WHEREAS, Congress explicitly gave states authority to regulate MEWAs in 1983 after numerous cases of fraud, abuse and insolvency regarding MEWAs; and

WHEREAS, the states, as the primary regulators of the local insurance market, are better able to assure effective regulation of these entities than the federal government; and

WHEREAS, federal preemption would undermine efforts states have made to protect consumers through establishing standards for health plans, such as grievance procedures, premium limits, and minimum benefit requirements; and

WHEREAS, federal preemption would permit MEWAs and AHPs to “cherry pick” healthier groups and individuals, raising insurance rates for those remaining under state supervision; and

WHEREAS, federal preemption would undermine state insurance reforms passed in recent years at the urging of business groups to improve access and affordability for small employers; and

WHEREAS, this exemption would seriously erode the funding mechanisms of access measures for the uninsured and for uncompensated care enacted by the states;

NOW, THEREFORE BE IT RESOLVED, that NCOIL urges Congress to reject any legislation that would exempt AHPs and MEWAs from state insurance standards and oversight; and

BE IT FURTHER RESOLVED, that copies of this resolution be sent to each Member of Congress.

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