



Mission •
To prevent and cure diabetes
and to improve the lives of all
people affected by diabetes.

Cure • Care • CommitmentSM

April 20, 2005

Honorable Michael Enzi
Chairman, U.S. Senate HELP Committee
Washington, DC 20510

Honorable Edward Kennedy
Ranking Member, U.S. Senate HELP Committee
Washington, DC 20510

Dear Senators Enzi and Kennedy:

I am writing today on behalf of the American Diabetes Association (the Association) to offer our viewpoint on the impact of association health plans (AHPs) on Americans with diabetes in preparation for the Senate Health, Education, Labor & Pensions Committee hearing tomorrow on Small Business and Health Insurance.

As the nation's leading nonprofit health organization providing diabetes research, information and advocacy, the Association has a significant interest in reducing the number of uninsured and underinsured in the United States. Unfortunately, as currently written, S. 406, the "Small Business Health Fairness Act," would not meet this goal and would be devastating not only for many of the 18.2 million Americans who currently have diabetes, but also for the more than 40 million who have a condition known as "pre-diabetes."

Diabetes is a serious, life-threatening, chronic illness for which there is no cure. Approximately 42,000 people suffering from diabetes live in each congressional district and that number is growing by an estimated 8% per year. In fact, current estimates by the Centers for Disease Control and Prevention reflect that one of every three children born in the U.S. after 2000 will develop diabetes in their lifetime. The number is even higher for minority children. While we do not have a cure for the disease, diabetes can be successfully managed with access to the necessary tools.

For people with diabetes, finding adequate health insurance coverage is as important as finding affordable coverage. The Association is committed to expanding the number of people with diabetes who have insurance coverage and to ensuring that such coverage meets their health needs. A critically important component of this effort has been state requirements that insurers provide adequate coverage for diabetes supplies, medication, equipment and education. Today 46 states require such coverage.

Failing to manage the disease also imposes high societal costs, including disability and work loss. In 2002, the total direct and indirect costs of diabetes were estimated at \$132 billion and one in four Medicare dollars went towards diabetes care. We can reverse these trends, but to do so we need a health care system that allows diabetes patients to manage their care and one that provides the tools to help reduce the number of Americans who will be diagnosed with the disease. As currently written in S. 406, AHPs would unfortunately make this situation worse, not better.

The Association is very concerned about rising health care costs, the increasing numbers of Americans with limited health insurance, and the impact of these factors on people with diabetes. To this end, the Association released a report with Georgetown University, "Falling Through the Cracks: Stories of How Health Insurance Can Fail People With Diabetes," which shows that our current healthcare system is inadequate to meet the needs of many diabetes patients.

Each of the examples highlighted in the report underscores the need for diabetes patients to have health insurance coverage that meets three key components: availability, affordability and adequacy. For people with diabetes, having access to affordable yet inadequate health insurance is equivalent to being uninsured and still having to pay their insurance premiums and all of their costs for their life sustaining diabetes supplies and medications. As our report shows, many patients in this type of situation are forced into reducing the number of times they check their glucose levels so as to ration their test strips, often times leading to hospitalization for high-cost complications.

The importance of available, affordable and adequate health insurance holds true across the spectrum of chronic diseases. The *New York University Law Review* found that medical bills are the single leading factor contributing to personal bankruptcy in the U.S.¹ The Association requests that the Committee will consider these critical factors as it searches for health insurance solutions for small businesses.

We are facing a diabetes epidemic in this country and simply cannot create health insurance options that leave diabetes patients unable to access the tools critical to their management of the disease. Forty-six states have recognized the importance of diabetes coverage and have passed legislation protecting people with diabetes. Under the proposed AHP legislation, these protections would be undermined and many people with diabetes working for small businesses would lose their current coverage for diabetes equipment and supplies. This coverage is critical for diabetes patients' ability to manage their disease. Cutting them off from these tools will only increase the number of destructive and expensive complications such as blindness, kidney disease, and amputation, leading to even higher societal costs. While the Association shares your concern about helping small businesses provide health insurance to their employees, we strongly believe that this version of AHPs is not the answer.

While the Association cannot support the current version of AHPs in S.406, we stand ready to work with you to address the problems small business owners face in providing affordable and adequate access to health care coverage. Should you have any questions or need further information, please contact Megan Gordon, National Director of Federal Government Affairs, at 703-299-2060.

Sincerely,



James P. Schlicht
Chief Government Affairs & Advocacy Officer

¹ Jacoby, M. B., Sullivan, T. A. and Warren, E., "Rethinking the Debates over Health Care Financing: Evidence from the Bankruptcy Courts," *New York University Law Review*, Volume 76, Number 2, May 2001: 375 – 415.