



November 30, 2010

The Honorable John D. Rockefeller, IV
Chairman
Senate Committee on Commerce,
Science & Transportation
254 Senate Russell Building
Washington, DC 20510

The Honorable Kay Bailey Hutchison
Ranking Member
Senate Committee on Commerce,
Science & Transportation
560 Senate Dirksen Building
Washington, DC 20510

Dear Chairman Rockefeller and Ranking Member Hutchison:

I write to comment on tomorrow's hearing (*Are Mini-Med Policies Really Health Insurance?*) on behalf of the National Retail Federation (NRF). NRF's global membership includes retailers of all sizes, formats, and channels of distribution as well as chain restaurants and industry partners from the U.S. and more than 45 countries abroad. In the U.S., NRF represents the breadth and diversity of an industry with more than 1.6 million American companies that employ nearly 25 million workers.

NRF raised early concerns about the effect of the Patient Protection and Affordable Care Act (PPACA) on limited benefit coverage (also known as "mini-med" plans). Such plans sometimes are seen in the retail and restaurant communities, frequently for part-time employees. In our regulatory comment letter of August 27, 2010 (*attached*), we argued for waivers or other protection for limited benefit plans from PPACA's phased-in restrictions on annual benefit limits and from the effect of enhanced medical loss ratio (MLR) standards.

The Obama Administration subsequently set up criteria for yearly waivers from application of the annual benefit limit restrictions and created, in cooperation with the National Association of Insurance Commissioners (NAIC), a methodology to help limited benefit plans meet the enhanced MLR standards at least in 2011. We continue to compliment the Obama Administration for these appropriate and flexible protections.

If we might suggest, this hearing would be better titled "*Are Mini-Med Policies Really Comprehensive Health Insurance?*" NRF would answer this question negatively: limited benefit coverage is, by definition, far less comprehensive but far more affordable than is comprehensive health insurance. Companies with low profit margins and low-income working Americans are some of the biggest purchasers of this coverage.

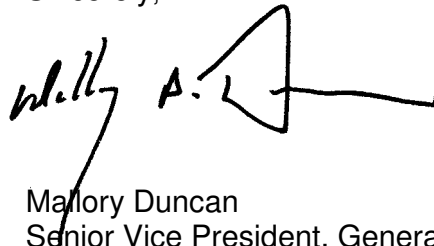
Around 1.4 million Americans are covered under limited benefit coverage today. Many – if not most these – would be without affordable alternative private coverage if limited benefit coverage disappeared tomorrow. Some coverage – clearly explained and patiently disclosed to consumers – trumps no coverage every time, at least in our view.

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Under PPACA, more affordable and comprehensive alternatives are projected to be available by 2014. In fact, as of 2014 individuals must carry, and companies with more than 50 full time employees or employee equivalents must provide, basic or bronze level coverage. In the interim between now and 2014, however, limited benefit coverage fills an important need not readily replaced by the market or hard-pressed state Medicaid rolls. We believe that the Obama Administration has taken a wise and appropriate course to safeguard this coverage during the difficult transition to 2014.

NRF remains ready to work with you and other lawmakers toward implementing PPACA as well as any future changes to the law. If you have any questions, please contact Neil Trautwein (202-626-8170 / trautwein@nrf.com), NRF's Vice President, Employee Benefits Policy Counsel.

Sincerely,

A handwritten signature in black ink, appearing to read "Mallory A. Duncan", with a stylized flourish extending to the right.

Mallory Duncan
Senior Vice President, General Counsel