



Publisher of Consumer Reports

March 31, 1998

The Honorable Edward Kennedy
Ranking Minority Member
Committee on Labor & Human Resources
U.S. Senate
Washington, DC 20009

Dear Senator Kennedy:

Congratulations on introducing legislation that applies critical consumer protections to managed care systems. The safeguards established in your and Senator Daschle's bill will help to ensure that all managed care enrollees receive quality care. Consequently, Consumers Union strongly endorses this legislation. We are pleased that the bill is comprehensive and addresses a whole host of consumers' concerns about managed care's ability to deliver quality care.

Specifically, we are pleased that the bill allows consumers to hold managed care systems accountable for medical negligence, if a state permits such lawsuits. The ability for a consumer to hold a managed care plan accountable for sub-standard health care that results in injury is essential. Compensatory damages act as an important counter-balance to the financial incentive to under-treat which plagues the current health care market. In fact, the effectiveness of other reforms would be seriously diluted if managed care remains immunized from responsibility for egregious behavior that causes injury or death.

In addition, we congratulate you on crafting a bill that requires plans to provide an external grievance and appeals system. An impartial external grievance and appeals system is the linchpin for all other consumer protections aimed at providing the delivery of quality care. Specifically, we are pleased that your external grievance and appeals system creates timely reviews and provides de novo determinations. While we believe that the plans should also provide consumers with a veto of the reviewer, Consumers Union believes that the proposed bill will substantially improve the quality of care. Moreover, we are pleased that your bill establishes comprehensive information disclosure requirements. Information is critical if consumers are to make informed decisions about their alternatives for coverage, providers and treatment options.

Washington Office
1666 Connecticut Avenue, Suite 310 • Washington, D.C. 20009-1039 • (202) 462-6262

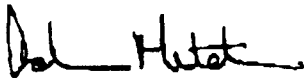
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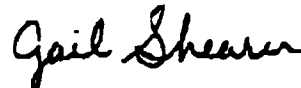
Finally, we are pleased that the consumer protections in the bill are enforceable standards that apply to all private insurance plans. Consumers Union believes that enforceable consumer protections which apply to all plans are critical, if Congress is to ensure that all managed care enrollees receive quality care.

Again, we applaud you and Senator Daschle for your effort to extend consumer protections to managed care enrollees. We look forward to working with you to ensure its enactment.

Sincerely,



Adrienne Mitchem
Legislative Counsel



Gail Shearer
Director,
Health Policy Analysis
Washington Office