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ONE HUNDRED TENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5051
FACSIMILE (202) 225-4784
MINORITY (202) 225-5074

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October 9, 2008

Mr. Ken Vines
Commissioner
Wyoming Department of Insurance
106 East 6th Avenue
Cheyenne, WY 82002

Dear Mr. Vines:

On July 17, 2008, the Oversight Committee held a hearing regarding business practices in the individual health insurance market. The hearing focused on the practice of rescission, the retroactive cancellation of insurance coverage after providers submit claims for medical services rendered. The Committee learned that investigations of rescission practices by state regulators in California and Connecticut uncovered evidence of improper rescissions. As a result, several insurers received large fines and were required to reinstate coverage for thousands of rescinded policyholders. Little is known, however, about the nature and extent of rescissions and related practices nationally.

To further the Committee's understanding of the individual health insurance market and state regulatory oversight of rescissions, I respectfully request that you provide the Committee with the following information:

1. For each calendar year from 2003 through 2007, please provide: (1) the names of the companies offering individual health insurance policies in your state; (2) the number of individual health insurance policies each company had in force; and (3) the number of individual health insurance policies rescinded by each company.
2. In your state, what is the legal standard for the rescission of an individual health insurance policy? Please address in particular whether evidence of fraud or intentional misrepresentation is required.
3. Please provide a citation to any statute, regulation, judicial decision, or other legal authority relevant to the legal standard described in response to question 2.

4. If rescissions are permitted in your state, please provide the following information:
 - a. If an insurer doing business in your state rescinds an individual insurance policy in violation of the legal standard described in response to question 2, what remedies are available to the affected policyholder and providers?
 - b. Please describe your agency's authority to enforce the legal standard for rescission and provide relief to affected policyholders or providers.
 - c. Please identify all market conduct investigations or other inquiries your agency conducted from January 1, 2003, to the present relating in whole or part to rescissions in the individual health insurance market. For each investigation or inquiry, please include the identity of the insurer, the nature of the business practices in question, and a description of the resolution (e.g., settlements, fines, or other regulatory actions).

In responding to these requests, please limit your answers to major medical policies issued to individuals and not to other types of insurance policies, such as single disease insurance, hospital indemnity insurance, long-term care insurance, or disability insurance. Please include in your responses to questions 1 and 4 individually underwritten coverage sold by insurers to members of associations, such as the Federation of American Consumers and Travelers (FACT).

The Committee on Oversight and Government Reform is the principal oversight committee in the House of Representatives and has broad oversight jurisdiction as set forth in House Rule X.

Please respond to this request by October 31, 2008. Please send a copy of your response to the majority office at 2157 Rayburn House Office Building, Washington, DC 20515, and a copy to the minority office at B350A Rayburn House Office Building, Washington, DC 20515.

If you have any questions, please contact Sarah Despres or Andy Schneider of the Committee staff at (202) 225-5056. Thank you for your cooperation in this matter.

Sincerely,



Henry A. Waxman
Chairman

cc: Tom Davis
Ranking Minority Member