

## **Health Care Cost and Universal Coverage Issues**

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**Senate Majority Policy Committee  
Harrisburg, PA**

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Mr. Chairman, on behalf of the Pennsylvania Association of Health Underwriters (PAHU), thank you for convening this hearing on health care issues.

As you know, PAHU members are the insurance agents and brokers who try to insure more Pennsylvanians. As such, they hold the moral high ground in trying to provide access to all...Universal coverage through the private sector is their goal.

This statement provides an overview of the Association's positions on health reform. Ray Doreian and Julie Martin will also be providing personal perspectives as to what they see in the market place at the grass roots level every day.

PAHU believes that there is a better approach to government attempts to help the uninsured people of Pennsylvania than by creating a new government program.

We have said repeatedly that:

- New government programs like Access to Basic Care (ABC) and its predecessor Cover All Pennsylvanians (CAP) are quasi-entitlement programs where the public thinks that they are entitled to government health programs. This will result in more utilization and cost that the General Assembly will have to find a way to afford.
- New government programs like ABC will lead to 'crowd-out' where individuals and businesses drift into the government orbit because they see short-term cost savings.
- Funding of this new government program is questionable at best because it relies on a hope (not even a promise) of Federal funding. Show me the money first is what the General Assembly should be asking!
- Other funding comes from the MCARE abatement fund where the Administration has cynically made doctors political pawns to force the General Assembly to embrace this new government program. It may be hardball Pennsylvania politics but it is not right. Adding to the cynicism is the fact that the Governor wrote doctors using taxpayer dollars urging them to support his new program if they wanted reauthorization of the MCARE abatement program.
- Cost of health care is the real issue. The plight of the uninsured and the high cost of health insurance are symptoms of that basic problem. That means that every solution advanced MUST address costs. To its credit, Governor Rendell has pushed for some cost measures such as the Senate legislation curbing hospital-acquired infections. But other proposals increase costs:
  - Increased utilization from a quasi-entitlement program (SB 1137)
  - Adding benefits to adultBasic of behavioral services and prescriptions and asserting that it will be cheaper than the existing adultBasic program
  - A Department minimum benefit floor that agents fear will be overly rich and discourage market innovation in areas like Health Savings Accounts (HB 2005)
  - No recognition of the need for more tort reform achieved in part by passage of the fair Share Act

The other point PAHU wants to stress is that there are solutions to problems that work with the private sector and not against it. Every person insured through the private sector is one less the government does not have to worry about. Some examples:

- Curbing the increases in numbers of mandated benefits or allowing some business opt-out of certain benefits if they do not fit a particular employee group
- Tax incentives to recognize employers that help subsidize deductibles for employees under a high deductible health plan/ Health Savings Account
- Price transparency by providers to help consumers compare costs
- Use of a HIPP-like program to keep low income employees covered under private sector plans instead of drifting into a government program
- Using licensed insurance agents to market CHIP and adultBasic to increase efficiency and reduce costs for these programs of last resort. Now marketing is by way of media and volunteers but large numbers of eligible persons do not enroll
- Tightening up on adultBasic eligibility reviews while on the waiting list and when enrolled
- Public education about health insurance and how it works (many still think it's free because they do not bear a significant cost). This education can also assist in promoting wellness and personal lifestyle issues.
- Use of a risk pool to siphon off those with medical conditions and reduce the overall employer group loss ratio

These examples just scratch the surface of the many good ideas that are out there. Proposals have been advanced in both House and in the Senate by Senators Armstrong, Folmer and others that deserve a close look.

As mentioned before, please ask two questions when looking at any proposed solution:

1. Does it reduce cost?
2. Does it help the private sector insure more Pennsylvanians?

These two questions are core questions. Even though the Senate will be buffeted by pressures particularly during Budget Season and cries for entitlement from all kinds of interest, please keep true to these two questions.

The Pennsylvania Association of Health Underwriters asks that you consider us as a resource for you as you grapple with these issues since our members are the ones who work on insuring Pennsylvanians. As such, we can be of real help to you.

I now turn testimony over to two PAHU members, Ray Doreian and Julie Martin to present their personal thoughts on problems and their solutions. Thank you again for listening to our testimony.