



## **Pennsylvania Health Access Network**

Testimony to the Pennsylvania Department of Insurance  
on Establishing a New Competitive Health Insurance Marketplace in

Pennsylvania

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### **Submitted by:**

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My name is Erin Gill-Ninehouser and I'm the Education and Outreach Coordinator for the Pennsylvania Health Access Network in Western Pennsylvania. PHAN is a statewide coalition of over 50 organizations working to improve access to affordable, quality health care for all Pennsylvanians and we have put together a set of principles, in cooperation with and endorsed by many state partners that we believe will help Pennsylvania create a robust, effective, competitive health insurance marketplace that will meet the needs of working families and small businesses in our state. I've included a copy of those principles with our testimony today.

I am here today to talk about implementing a central component of the Affordable Care Act, the creation of a new insurance marketplace in Pennsylvania, in a way that makes the promise of health care reform real to the 1.2 million uninsured Pennsylvanians, including the 42,000 who saw their adultBasic health coverage shut off in March, and the thousands of small businesses across the Commonwealth who have been crippled by rising health insurance costs and desperately need the new options and protections the law puts in place.

I'd like to begin by dispelling the notion promoted by members of this Department that establishing this new marketplace is something burdensome or undesirable as Commissioner Consedine told the Tribune-Review last week. Establishing this new marketplace is an important opportunity that will allow hundreds of thousands of working families and small businesses to finally have the security and peace of mind that comes with having stable access to affordable, quality insurance. That's a good thing, and something all of us here should embrace and work toward in good faith. I'd also like us all to keep in mind that the Patient Protection and Affordable Care Act is the law of the land and is likely to survive the legal challenges pending against it, and that it is important we begin to move forward on implementation--not look backward and continue to foster opposition to the law.

Let's be clear that while the creation of these state-based marketplaces has the potential to expand access to quality, affordable coverage options for the 1.2 million uninsured Pennsylvanians--if we get it right, it is a private sector solution. Many advocates fought to include a public insurance option that could compete with private plans in this new marketplace, but the industry interests represented at this hearing today flexed their political muscle and made sure that didn't happen. It is our hope that the General Assembly and this Department will not let these same interests to dominate the conversation and shape the creation of this marketplace to their advantage.

If we get it right, this new marketplace in Pennsylvania will level the playing field for working people and small businesses when it comes to purchasing insurance, and give all Pennsylvanians greater control over their health care choices, access to the kind of high-quality, affordable options that simply don't exist today, and a transparent, well-functioning, truly competitive health insurance marketplace. Everyone wins, if we get it right. And to do that, we must ensure that this new marketplace is established in a way that puts the needs and interests of Pennsylvania families and small businesses first.

What do Pennsylvania families and small businesses need? They need quality, affordable choices; a system that makes it easy to get from point A (not having health coverage) to point B (purchasing a quality plan made affordable by the income-based subsidies afforded by the new law); and a marketplace that secures and maintains the public trust.

### **Ensuring Quality, Affordable Choices**

How can this new marketplace ensure that the individuals, families and small businesses purchasing insurance have choices that are affordable and of the highest quality? It can do a few things:

- 1) See that insurance companies of all sizes compete for the opportunity to be a part of the marketplace so the exchange includes only those insurers who provide quality plans at an affordable cost.
- 2) Have the authority to actively negotiate with insurance companies to guarantee that folks purchasing insurance get the best prices and value available, rather than letting insurance companies dictate the costs.
- 3) Protect policyholders against insurer abuses (e.g., denial of care, unjustified rate hikes, rescission).
- 4) Require participating plans to adhere to strict quality standards so folks purchasing insurance can be confident they are getting a good plan.
- 5) Ensure that the income-based tax credits for working and middle class families are applied in a way that makes sense (subtracted from the cost, before purchase, rather than as a rebate at the end of the year) and see that all eligible individuals and families are protected financially by limiting co-payments, deductibles and other cost-sharing in accordance with the new law.
- 6) Ensure the health equity of all those purchasing insurance, based on race, ethnicity, gender, disability, language, sexual orientation and gender identity.
- 7) Prevent insurance companies from raising premiums unreasonably and require public disclosure of proposed rate increases and a process for policyholders to challenge increases thought be excessive or unreasonable, so insurers are held accountable for the premiums they charge. Ensure that plans sold outside the exchange are subject to the same oversight and accountability when it comes to rate increases, to ensure that all Pennsylvanians can benefit from common sense protections to keep rates reasonable.
- 8) Guard against adverse selection, a problem which could steer high-risk individuals into the exchanges while steering health and young individuals outside the exchanges, by:

- prohibiting insurers from selling their most limited benefit plans outside the exchange if they do not also sell the same plans for the same price on the exchange. This would prevent insurers who do not participate in the exchange from trying to attract healthier people using low-benefit options.

The exchange will not work if Pennsylvania allows insurers outside of the exchange to

- sell lower quality products,
- have more limited patient protections, or
- lure healthier individuals away from the exchange with lower rates for healthier individuals.

### **Making Coverage Selection and Purchasing Easy**

It is imperative that Pennsylvania families and small businesses have quality, affordable choices, and it's important they are able to understand and easily compare their options, to find a plan that works best for them. I want to talk now about the steps Pennsylvania can take to simplify the process of finding and purchasing insurance in this new marketplace:

- 1) Provide well-trained, independent “navigators” who will help individuals and families decide which coverage option is best for them by offering them unbiased, reliable information that makes it easy to compare plans.
- 2) Use clear, jargon-free language that folks purchasing insurance can understand.
- 3) Establish consumer assistance programs to provide people with a place to turn if they have grievances about their health plans and to help them navigate the system.
- 4) Coordinate with the state's Medicaid program to make it easy for individuals and families to retain coverage and move seamlessly between public and private plans, as a family's financial situation may change.
- 5) Publicize quality and customer satisfaction ratings for all health plans in the marketplace online so folks purchasing insurance can make an informed decision when choosing a plan.

### **Securing and Maintaining the Public's Trust**

This new marketplace must also take steps to secure and maintain the public trust. Right now, the public has little reason to trust the private insurers from which they'll be purchasing insurance from come 2014. Before the passage of the Affordable Care Act, it was routine for insurers to deny coverage to people with pre-existing conditions, to raise rates without justification, to find ways to get out of paying for treatments that policyholders thought would be covered and to charge older folks and women more, simply because they can. For the public to embrace and participate in this new

marketplace, they'll need reason to believe it won't be run for private gain at the expense of the public interest.

To secure and maintain the public's trust in this new marketplace, Pennsylvania must:

- 1) Create a governing board that includes patient voices, small businesses and insurance experts who don't work for the industry to ensure we make smart decisions that improve both quality and efficiency.
- 2) Protect against conflicts of interest and bias. People who have a direct financial stake in the health system--those employed by or affiliated with insurers, agents, hospitals, physicians, or brokers should not be allowed to serve on the governing board of the exchange.
- 3) Ensure that employees of the exchange are not subject to lobbying, political manipulation, or financial inducements to do their work with anything other than the very highest level of competence in service of the individuals and taxpayers.
- 4) Be transparent and publicly accountable. The governing board should abide by state open meeting and open record laws and regularly hold public hearings throughout the state on its activities and policies.

We need a Pennsylvania solution for a Pennsylvania problem. That's why the commonwealth needs to act now to ensure that Pennsylvania families, individuals and small businesses benefit from a strong, competitive health insurance marketplace that meets the specific needs of our state. Regardless of whether Pennsylvania chooses to establish the exchange in an existing or newly-created state agency, quasi-governmental agency, or nonprofit entity, PHAN seeks a stable, easy to navigate marketplace that operates in the public interest and makes finding and securing quality, affordable health coverage a reality for everyone in our state.

We don't have to worry about insurers wanting to participate in this new marketplace, where they stand to gain between 800,000 and 1.2 million new customers. What we do have to worry about--and take common sense steps to prevent--is having this new marketplace dominated by the same interests that have given us our current dysfunctional, difficult to access and disparity-ridden health care system that has shut out and priced out too many working Pennsylvanians. A competitive, transparent marketplace is good for policyholders, good for businesses and good for Pennsylvania, and we urge the Department and our state legislature to take the necessary steps to get it right.