April 29, 2024

Dear Members of the Pennsylvania General Assembly and Governor Shapiro:

We, the undersigned 55 organizations, call on you to work together to pass legislation that empowers the board of directors of Pennie, Pennsylvania's state-operated health insurance marketplace, to create a one-year pilot program that makes health insurance more affordable. The number of uninsured Pennsylvanians is currently growing, and this pilot will get more Pennsylvanians covered and help make plans more affordable for Pennsylvanians who purchase their own insurance. In the 2024 budget, Pennsylvania should identify a temporary funding source to pay the state portion of Pennsylvania's reinsurance program that controls the growth of premiums. The reinsurance and subsidy programs will work together to ensure Pennsylvanians who purchase their own coverage have affordable options and that Pennsylvania maximizes enrollment to continue building a strong health insurance market.

Ten months into the Medicaid redetermination period ("unwinding"), the Department of Human Services has terminated Medicaid coverage for over 478,000 individuals, including children. Roughly 1 in 10 of those have transitioned to coverage through Pennie, over 64,000 children are now covered by CHIP, and some who were wrongfully terminated have re-enrolled in Medicaid. For the remaining 88% of those terminated, there is no data indicating that they are currently enrolled in coverage. While some may now have coverage through an employer, employer-sponsored coverage rates for this population are historically low. Because they found Pennie plans unaffordable, over 419,000 families and individuals may now fall into the uninsured category.

For low-income Pennsylvanians, Pennie must make plans more affordable. Currently, there is a gap between what hardworking people can actually afford to pay for insurance and the monthly premiums these people currently see on Pennie. A small, yet meaningful, amount of additional state subsidies each month of $30 to $40 can close this gap. The proposed pilot of a state subsidy wrap not only closes this gap, but these new enrollees would also generate additional user fee dollars (fees paid by private insurance carriers to be part of the Pennie Marketplace) and thereby increase funds available for affordability programs. The increased enrollment generated by lower monthly costs would create a healthier risk pool and work with reinsurance to further lower premium growth, creating a positive self-reinforcing cycle.

Reinsurance, which helps control premium growth by paying for losses in previous years, is currently the key tool available to Pennie to keep plans affordable. While all Pennie premiums are lower because of reinsurance, the program primarily benefits higher-income families by reducing their monthly costs;

lower-income families do not directly benefit from the savings. Reinsurance is currently funded through a portion of the exchange user fee, but the proposal for a health insurance subsidy pilot program would use this money to fund additional subsidies. This would then require the General Assembly to provide one year of funding of $50 million to fund the reinsurance program, and the Shapiro Administration has already identified a potential funding source.

If Pennsylvania were to permit the needed flexibility and fund reinsurance for a year, the combined program would address our growing uninsured rate now before it is unmanageable. A one-year pilot program is specifically warranted as Pennsylvania awaits additional federal action on extending the current federal marketplace subsidies beyond 2025. A one-year pilot would not only prove the efficacy of this approach but also enable decision makers to respond to federal policy changes.

If more people become uninsured, Pennsylvania taxpayers will pay for their care one way or another. In previous periods of high uninsured rates, costs for uncompensated care have increased because uninsured individuals often put off or delay care for treatable conditions. When those conditions worsen, they end up sicker and require a higher level of care in hospitals. Uninsured families often end up with large amounts of medical debt, and their poor health jeopardizes their employment and employability.

The combined solution is particularly critical for rural communities, Black and Latino communities, and other communities that have had higher rates of uninsurance, specifically, people who are younger, self-employed, or work for small businesses. Many of those who are uninsured are workers without job-based coverage like restaurant workers, automotive repair workers, home health aides, daycare teachers, students working part-time, and others who work for small businesses. Over the past two years, 75% of rural communities have seen increased enrollment when additional premium assistance is available as compared to 37% of urban communities. Premium assistance is particularly effective in rural communities because, on average, health insurance premiums are higher.

The proposal Governor Shapiro put forward in his budget address responds to the key concerns about previous proposals by leaving reinsurance intact and identifying a funding source for reinsurance while funding the pilot program. It gives control of the new program to the Pennie board, which is balanced between health plans, administration officials, those appointed by the General Assembly, and consumer representatives. It also gives the General Assembly the flexibility to respond to changes to federal policy. Finally, it also gives flexibility to Pennsylvania families purchasing their own coverage. It allows them to lower their monthly costs by choosing a plan with a more affordable monthly premium or to purchase more comprehensive coverage with lower out-of-pocket costs when they seek care.

We urge the administration and General Assembly to establish this pilot program and fund reinsurance to address the uninsured crisis Pennsylvania faces, keep our communities healthy, ensure our hospitals and healthcare providers are paid, and maximize Pennsylvania's use of available federal funds. We appreciate your consideration of this proposal. Should you have any questions, please contact Erin Gabriel of the Pennsylvania Health Access Network at erin@pahealthaccess.org or at (717) 820-2239.

Sincerely,

AccessMatters
ACLAMO
Allies for Children
American Cancer Society Cancer Action Network
American Lung Association
Arc Indiana County
Bell Socialization Services
Bhutanese Community Association of Pittsburgh
Children First
Community Action Association of Pennsylvania
Community Homes of Lebanon County
Community Legal Services of Philadelphia
Community Liver Alliance
Cribs for Kids
Disability Pride Pennsylvania
Disability Rights Pennsylvania
Episcopal Community Services
Esperanza Health Center
Foundation for Health Equity
Free Clinic Association of Pennsylvania
HELP: MLP at Philadelphia Nurse-Family
        Partnership
Horizon House
Just Harvest
Kidney Foundation of Central PA
Latino Health Collective
Leukemia & Lymphoma Society
Liberty Resources
Lupus and Allied Diseases Association
Lutheran Advocacy Ministry in PA
Maternity Care Coalition
National Multiple Sclerosis Society
Partnership for Better Health
Pennsylvania Association of Community Health
        Centers
Pennsylvania Coalition for Oral Health
Pennsylvania Health Access Network
Pennsylvania Health Funders Collaborative
Pennsylvania Health Law Project

Pennsylvania Mental Health Consumers'
        Association
Pennsylvania Partnerships for Children
Pennsylvania Rural Health Association
Pennsylvania Thrive Partnership
Philip Jaisohn Memorial Foundation
Phoenix Rising Counseling Services
Planned Parenthood Pennsylvania Advocates
Public Health Management Corp.
Rankin Christian Center
Roads to Freedom Center for Independent
        Living of North Central PA
Social Justice Indivisible
Susan G. Komen
Trinity Evangelical Lutheran Church
United States of Care
United Way of Pennsylvania
VNA Community Services
Why Not Prosper
Woori Center