

Pennsylvania Association of Health Underwriters

**Summary of position regarding SB 495
Senate Banking & Insurance Committee
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The Pennsylvania Association of Health Underwriters (PAHU) is an association representing insurance producers specializing in health insurance and employee benefits. PAHU members are keenly aware of cost realities faced by their clients in today's market. Insurance premiums continue to escalate prompting businesses and individuals alike to ask, "How much longer can we afford to have health insurance?"

This hearing on SB 495 is especially timely in that it coincides with the Uninsured Week promoted by Robert Wood Johnson Foundation to highlight the issue of the uninsured. One message of the Uninsured Week is the cost of health insurance. Some addressing the question look to a government safety net as a solution.

Another approach (PAHU's) is to look at what drives up the cost of health insurance and to address that side of the equation. Some cost issues such as Medical Malpractice premiums are so politically volatile that a solution seems elusive despite the Pennsylvania Senate's vote to pass Senate Bill 9 permitting voters to judge whether or not the General Assembly could cap non-economic damage awards. Others such as curbing prescription drug costs are difficult as well. Any jawboning the Commonwealth does to reduce drug prices may result in price shifting to the rest of the voluntary insurance market and ultimately to consumers. In other words, the prescription cost problem is bigger than PA's ability to solve it. It must be addressed nationally. SB 495 lies clearly within the purview of the General Assembly to either add a cost to the system or not.

Senate Bill 495 requires health insurance programs to include a mandated benefit for colorectal screening. PAHU recognizes the validity of many of the arguments of its advocates. There is no doubt that periodic testing is good medical practice. The issue to PAHU is NOT whether or not the mandate is good or bad. If SB 495 were to be voted on, there is no doubt that the vote would be unanimous.

The problem is that mandated benefits mean more utilization of the health system. In other words, there will be more claims paid by health insurers. While one can argue that this may be positive (more screening means more preventive care), the consequence is still more cost to the system.

The question is how much cost and how much impact this particular mandated benefit will have on total health insurance premiums.

This area of cost is something within the power of the General Assembly to address because it can make a deliberate decision to add cost to the system or not to add it. Is the trade-off (promised future savings from colorectal cancer caught early equal to the costs that come from increased utilization) worth it?

The answer is not known because of many variables. What are the usage changes in states already having this mandated benefit? Can a correlation be drawn between the benefit and health insurance price increases? Can data be demonstrated showing less cost to the health system from cancer treatment because more people elect to have the screening because of the mandated benefit?

These are important questions that realistically must be addressed before PA adds any more mandates.

An instructive study was performed on this benefit back in 2002 by the PA Health Care Cost Containment Council as part of its work to evaluate mandates when requested to by the General Assembly. (Text and summary are available at www.phc4.org.) The study concluded that more research was necessary to address the qualitative questions raised above.

PAHU endorses the approach taken by Sen. Hal Mowery (R-Cumberland) and in the House by Rep. Steve Nickol (R-York). They have suggested a moratorium on new mandates until thorough research can be done on the impact mandates have had in PA on the availability of health insurance because of increased costs. Doubtless this research would also examine the data from other states to document utilization changes. This effort would also examine coverage being offered now by health insurers to see who offers this benefit now.

PHC4's study speculated that many plans might already offer this coverage. Study under the Mowery proposal may show that the marketplace is already adapting to the perceived need just as it did to include a physical checkup when years ago (1989-1990) legislation was proposed to mandate that coverage. The point is we won't know until data has been gathered and analyzed. The Mowery approach would complete that examination of the market adaptation (if it exists) and examine potential impact of an additional mandate.

Rather than enacting a mandate with unknown additional cost pressures on the system, please consider the moratorium approach. Given the economy, this may not be the time to add a mandate that translates into an unknown higher cost of health insurance to businesses and individuals. Let's know more before we act.

And again, please note that PAHU's issue is not with whether or not this mandate is good or not. It is the cost issues surrounding health mandates that we want the General Assembly to address.