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PAHU MISSION STATEMENT

To unify health insurance professionals of Pennsylvania for the purpose of educating our members and the public.

To preserve and perpetuate professional health insurance delivery while being an advocate for the consumer in the public and private sectors.

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Pennsylvania Association of Health Underwriters

Message From the President

Charles A. Neiman, PAHU President

We're In Good Company

My first introduction to the Pennsylvania Health Care Cost Containment Council (PHC4) was when I asked Mike Berney, PHC4 Manager of Purchaser and Community Relations, to present a CE Course for Central Pennsylvania AHU in late 2002. It was an excellent presentation, but I was alarmed that no one from our industry had input on the Council, specifically with regard to mandated benefits considering the fact that we are the closest people to the purchaser. Mike agreed and said he would pursue the suggestion.

My second exposure came in 2003 when Mike asked me to participate, as PAHU president-elect, in a purchaser panel discussion on the value of PHC4 information on HMOs. The meeting was held at Harrisburg Area Community College. Bernie Lynch, Senior Director of Payer Relations of the Pennsylvania Medical Society and Fran Soistman, President and CEO of HealthAmerica, joined me on the panel. A second panel discussion, featuring Dr. Tony Castle, a practicing obstetrician; Dr. Karen Feinstein, President of the Jewish Healthcare Foundation Initiative and Dr. Robert Guthrie, Chair of the Neonatal Unit at Allegheny General Hospital was held in Pittsburgh.

Needless to say, I was a bit apprehensive about meeting with this distinguished group; however, I was able to address the subject from a different perspective and carry the PAHU banner. I was even more impressed when PAHU was noted in the 2003 PHC4 Annual Report, complete with pictures.

With PHC4 reauthorization on the horizon, PAHU members stepped forward and campaigned for the reauthorization and a "seat" at the table. Thanks to the efforts of our membership, lobbyist Vince Phillips and several influential members of the Legislature, PAHU gained a seat on the PHC4 Data Abstraction and Technology Work Group. This was required by the reauthorization legislation, Act 14, signed by Governor Rendell in July 2003.

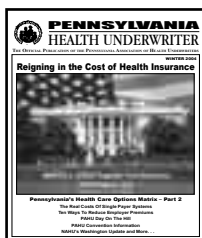
The work group consists of twelve (12) members: one (1) member representing the Office of Health Care Reform; one (1) member representing the PA Chamber of Business and Industry; one (1) member representing the PA AFL-CIO; one (1) member representing Consumers; two (2) members representing the PA Medical Society; two (2) members representing the PA State Nurses Association; two (2) members representing Hospitals; one (1) member representing Commercial Insurance Carriers and one (1) member representing the Pennsylvania Association of Health Underwriters (PAHU). Several PHC4 staff members also compliment the working group.

Specifically, our group has the responsibility to provide recommendations for improving and refining the data required by the council and to achieve a **50% overall reduction** in the cost of collecting and reporting required data by PHC4, as required by Act 14.

We are now looking forward to our third monthly meeting and have had an opportunity to review the data collection system from the PHC4 vendor, Mediquel. We have identified savings of approximately \$1,000,000, if all hospitals, as required, utilize the Direct Data Entry on what is known as the Atlas System. Seventy-eight (78) hospitals are currently using the system; forty-four (44) hospitals are not yet on-line.

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MEMBER FEEDBACK & CONTRIBUTIONS WELCOME AND APPRECIATED



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Message From the President

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This update is not about PHC4 or any one individual – **IT’S ABOUT US!**

The names of the relatively high profile people who are participating are not important – The important fact is that PAHU is sitting at the table!

This is just one more step on our achievement “wish list” – gaining visibility. In other words, the more we are seen, the more visible we become. By associating with leaders, we become leaders. The more we are heard, the more we will be listened to. By networking, we build coalitions that may be very valuable in the future. And, as we become more visible, we move even closer to being recognized as the number 1 “go to” association on health issues.

It is my hope that we can gain a permanent seat on PHC4, which will be filled by our future leaders. Please keep in mind that the company we keep has a huge impact on how our association is perceived and received. As always, if you have any suggestion, comments, criticisms, or want to get more involved, please contact me.

My very best wishes to you and your family for the coming year.



Visit NAHU’s website for the latest updates that face the industry and your profession. Get the latest news on Medicare, Association Health Plans, the Trade Adjustment Act of 2002, The Uninsured, Long Term Care, Genetic Discrimination, Managed Care, and much more.

Also, take advantage of NAHU’s “Operation Shout” feature that provides a “Legislative Action Center” complete with Action Alerts, guides to your local elected officials, ongoing election coverage in your area, plus daily updated schedules for the state and national Legislature.



For more information, visit [www.NAHU.org!](http://www.NAHU.org)

From The Editor



**Submitted by Mark L. Shaffer, RHU
NAHU Vice President – Region 1**

Communication is the key to success of any organization. We find our complex and varying lifestyles indicate the more channels of communication the better. This is true whether the ‘organization’ is your business, your employer, or your family. Membership organizations like PAHU are no different. Information is the key to learning about the issues. Without information it would be difficult to assess the pros and cons of a particular issue – to make decisions. Today, it seems, we all want the information on a 24/7 basis. One could say the information is of extreme value, for without it we would not be as effective.

The PAHU has experienced tremendous growth over the past ten years. I suspect one of the reasons attributable to this growth is the value of the information delivered. For many, the reason to join an organization is to get the information we require quickly and accurately. We also know the larger our membership numbers, the more impact and credibility we have when we communicate our positions, either internally or externally.

The PAHU board has worked to open every communication channel available. Our channels include a website (www.pahu.org), an improved bimonthly magazine, e-mail blasts and alerts, direct mail, and local chapter meetings. The PAHU board has made every effort to provide the information, the details, and the resources available on the issues as they arise.

Yet, with all the communication channels currently available to our members, we noted just one thing was missing – your feedback. Until now, you, the member did not have the ability to communicate with the leadership of the PAHU on a 24/7 basis. It was with this epiphany we launched a new

interactive online version of the *Pennsylvania Health Underwriter* magazine. *PAHU Magazine Online* was launched so members could read the articles published in the 'hard copy' magazine on a 24/7 basis in a digital format. You now have the capability to e-mail a particular article to a friend in the industry, and/or comment on the specific issues discussed in the article. Feedback is extremely important to any organization, and the PAHU is no exception.

As we begin the year 2005, we ask you take a minute to visit the *interactive* online version of your membership magazine, the *Pennsylvania Health Underwriter*, and peruse the articles. If you find an article of interest and you think a colleague might appreciate its content, simply click on the small envelope icon at the end of the article and e-mail it to your colleague. If you're reading an article and you agree (or disagree) with the author's points, let him/her know your thoughts by clicking on the 'comment' link at the end of each article. Or, use the member discussion forum by scrolling to the end of all the articles and use the 'open forum' section to communicate your thoughts on any subject.

You'll find this issue is packed with information essential to anyone in the health insurance industry. The magazine's main theme is — reigning in the costs of health insurance

— a noble cause that often proves illusive in reality. A 'must read' is Greg Grimm's article where he provides ten top ways (in *David Letterman's Late Show* style) to help your clients reduce their premiums. Another feature article is titled "The Real Costs of Single Payer Systems" authored by NAHU's Janet Trautwein. Janet does an exemplary job of providing statistical facts supporting our position regarding this highly charged political issue. It is also a 'must read' for anyone in the industry, but especially for those who plan to attend NAHU's 2005 Capital Conference (CC05) on February 6-8, 2005. That reminds me to remind you to complete the CC05 registration form in this magazine and make your CC05 hotel reservations. We expect the largest PAHU contingent ever to attend the 2005 Capital Conference.

We also remind you to mark your schedule for the annual PAHU State Convention (*see insert*) — the destination is Harrisburg, Pennsylvania. We promise you two great days of speakers, C.E. credits, social activities, and up-to-date information. As you begin this promising New Year we wish you the very best as we all strive to communicate more effectively!



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LOOKING BACK, LOOKING FORWARD

2004 Legislative Recap – Predictions for 2005

Vince Phillips, PAHU Lobbyist

At press time, the 2003-2004 legislative sessions in Pennsylvania and the U.S. Congress have just adjourned. Because this magazine comes out right at year's end/year's beginning, it may be important to look at some of what was done in the concluded sessions and what one can expect to see in the New Year. This list is cursory at best since there were hundreds of health insurance bills being considered in one way or another by at least six major committees in PA alone.

What Was Accomplished: LOOKING BACK

- Reauthorization of PA Health Care Cost Containment Council (PHC4). This entity has the job of comparing hospitals' performance in quality of patient care, mortality and re-infection rates, etc. PHC4 also gets to evaluate mandated benefits if requested by a relevant legislative committee. House Democrats assisted PAHU in inserting language in the bill having insurance producers serve on at least one working group of the PHC4.
- Creation of an extension of the Mcare abatement fund. In 2003 this fund was established via a cigarette tax to subsidize all or part of a state assessment (premium) for Medical Malpractice insurance. Insurance Committee Chairman Nick Micozzie (R-Delaware) was the prime sponsor of the 2004 two-year extension of the abatement fund.
- Creation of an Office of Consumer Liaison within the Insurance Department through the Budget was an alternative to legislative attempts to establish an independent Office of Consumer Health Advocate. This new position answers directly to the Insurance Commissioner.
- Expansion of PACE and PACENET prescription drug subsidy programs, a bipartisan effort led by Republican Pat Vance (Cumberland) and Democrat Todd Eachus (Luzerne).
- Creation of Health Savings Accounts under the federal Medicare Reform Law has resulted in an expansion of consumer-driven health care plans. HSAs are high deduct-

ible insurance plans with the deductible funded by employee-owned savings accounts with tax advantages. The state was unable to pass similar tax incentives for own tax code. Rep. John Payne (R-Dauphin) and former Senator Hal Mowery (R-Cumberland) were the prime sponsors of the failed attempts.

- Prescription Benefits under Medicare to be phased in and Rx discount cards appeared in 2004.
- Assistance came for health insurance subscribers from the former Bethlehem Steel with the passage of federal trade legislation.
- Creation of the Office of Health Care Reform by Governor Ed Rendell gives his administration the chance to begin to form an integrated strategy.

Unresolved Issues: LOOKING FORWARD

- Community/Modified Demographic Rating was easily the most difficult issue of the session when the Insurance Industry opened up massive divisions internally. The balance may shift in the Senate in favor of the concept when advocate Pat Vance joins Senator Rob Wonderling (R-Lehigh).
- Association Health Plans were passed by the U.S. House twice but stalled in the U.S. Senate. AHPs are federally regulated small business plans with fewer mandated benefits and the ability to cross state lines. Opponents such as NAHU, the Attorneys Generals and NAIC prevailed despite strong advocacy by NFIB and President Bush.
- Medical Malpractice Reforms by capping non-economic damages passed the PA House and the U.S. House but were ultimately ground down by the trial lawyers and their allies. With a mandate, President Bush may have more

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-2004142

luck next year. In PA, because of the need to amend the Constitution, the outlook is not as positive. Some of the major Pennsylvania legislative supporters of these tort reform efforts in 2003-2004 were House Republicans Speaker Perzel (Phila.), Rep. Mike Turzai (Allegheny), Curt Schroder (Chester) and Senate Republicans Jeff Piccola (Dauphin), Jake Corman (Centre), and Hal Mowery (Cumberland). Not to be forgotten are the two Senate democrats, Connie Williams (Montco) and John Wozniak (Cambria) who voted for reform in addition to the Senate leaders Robert Jubelirer (Blair) and Chip Brightbill (Lebanon) who did not support caps but allowed a free debate to occur. In Washington, former Rep. Jim Greenwood was the major spark plug on this issue.

- Risk Pools, enacted in a number of states and strengthened by federal subsidies to states that establish them, still does not have traction in PA.
- The central dilemma of dealing with the uninsured problem or even of accurately determining the proper numbers.
- Tax Credits for small businesses remains a PAHU goal as an alternative to expanding state health programs that do not go away on their own volition.
- Limited Benefit health plans for small businesses continue to survive but not with enough momentum to progress very far.
- Tax incentives for employers whose plans offer disease management programs received interest and a vote but not by both chambers of the General Assembly.
- Long-Term Care Partnerships — either authorized in PA or having the Waxman Amendment repealed again floundered despite bipartisan interest. In PA, legislation passed the House (again). In PA, the prime sponsor was Rep. Larry Sather (R-Huntingdon). In Washington, the prime sponsor was Rep. John Peterson (R-5).

- Taking what some call excessive health insurer surpluses and using it for other purposes remains a concept in progress with research continuing within the Insurance Department and advocacy by Democrats. A related issue is to dictate what the Blues' charitable social purpose spending would be per a late session bill introduced by House Insurance committee Minority Chairman Tony DeLuca (Allegheny).
- More Mandated Benefits are always on the plate but none were enacted despite strong lobbying by the Cancer Society for colorectal screening. Although seen as a victory by insurance interests, it was mitigated by the inability to pass legislation declaring a moratorium on mandates. Among the proponents of moratoriums were Rep. Steve Nickol (R-York) and former senator Mowery.
- Mandating businesses have health insurance as an employee benefit is seen by some as preventing employers from dumping their employees into AdultBasic. One variant of this is to create a huge public sector health insurance pool and "invite" participation by businesses above a certain size.
- Consolidating school districts' employee benefit programs into a state program remains on the radar screen. There may also be a rebirth of plans to do the same with local pensions as well.

We ask that you stay tuned to the issues. These issues and more will dominate legislative and executive branch consideration of health insurance issues in the New Year. You have a responsibility to keep up on things as well as reading the resources your Association presents to help you protect your customers' interests and your own profession. At a minimum, read about the issues at www.pahu.org and www.nahu.org. Read *Leg-Reg Review*, your free member benefit newsletter.

For the New Year, why not resolve to get to know your state or federal legislator? That is a resolution far easier to keep than shedding pounds. But, political advocacy is also a lifestyle change. Given the challenges we face in 2005, a little change in your lifestyle from passive acceptance of what government does to you to actually trying to influence public policy might be the key to your professional health. Shed those old attitudes of inaction and acquiescence.

As always, please feel free to contact me at 717/728-1217 or xenobun@aol.com if you have questions or want some coaching on how to talk with legislators.

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Ten Ways to Reduce Employer Healthcare Cost

Gregory D. Grimm

After 25 years in this industry I've seen and gone through quite a few stages of health plan concepts, designs and attempts at creative solutions. I've seen plan designs from Comprehensive Major Medical plans (*Yes! with deductibles!*) to HMOs to PPOs to POS to CDHPs. And oh, by the way, how would you like it served up? Prospective? Retro? Minimum-Premium? Self-Funded? And maybe with an HRA or HSA twist?

Employers have withstood four to five years of double-digit increases with no end in sight. Can an employer impact the way his employees think about and utilize their healthcare? Unfortunately it is tougher for the small business under 25 employee lives to get creative or explore different options. But some do exist and, as my favorite late-night talk show host would say, "Here are the Top Ten Ways to Reduce Employer Healthcare Cost":

- 10. Census and Eligibility Scrubbing** – Data verification especially for the medium to large size companies can typically find that up to 20% of enrollment information is not correct. For example, covering a student who no longer maintains a full-time status.
- 9. Restrictive Spousal or Family Coverage** – To help lower overall costs *increase* employer contributions for single parents with children and *decrease* the employer contributions for employees with full family coverage. Also give the employees an incentive to have their spouse access his/her own available plan by imposing financial penalties or offer extra pay for employees who enroll elsewhere.
- 8. Detailed Plan Analysis** – This information is more readily available in the self-funded environment. However in the '*fully insured*' market the key is to ask for it, even demand that it be sent. And not just at the time of your renewal. By analyzing the claims data, you can identify the services and utilization that led to the highest costs and customize plan design, cost sharing, and risk man-

agement to improve plan performance.

- 7. Health Risk Assessment** – Provide a small perk to your employees such as a small Gift Card for taking time out to complete a health/lifestyle questionnaire. This will help determine the overall needs and issues facing the workforce and what's needed to promote healthy lifestyles.
- 6. Promoting Healthy Lifestyles** – Companies are using a point system similar to credit card companies to reward employees and dependents for health club memberships, health courses, weight control and other health and wellness activities. The points can then be used toward items such as airline tickets, motel stays, movies and sporting event tickets.
- 5. Personal Health Advocacy** – Significant savings can be realized by using a 24/7-nurse coach to help members navigate the healthcare delivery system. Some key components of health advocacy include coordination of care, claims assistance, physician locator, grievance advice and alternative care options to mention just a few.
- 4. Aggressive Rx Management Programs** – Instead of using dollar copays use percentage copays with a three-tier plan design that promotes the use of generic and Mail Order. For example, at retail the plan design would be 20% / 40% / 60% and, for Mail Order, \$20 / \$40 / \$60. Promote appropriate drug use with step therapy programs and medical carve-out specialty injectable programs.
- 3. Benefits Communications** – Advances in Internet technology allow members to be informed on hospital & physician statistics, treatment protocols, drug therapies, disease management and recommended actions for chronic conditions. As enrollment in CDHPs increase the demand for information and technology to access will increase.
- 2. Create Employee Responsibility and Cost Awareness** – Employees need to understand and realize the truth about healthcare, its cost and, yes, '*cost sharing*' through

higher deductibles, 'co-pays,' and payroll deduction. Shifts in employee spending patterns will create employer savings.

And the #1 way to reduce employer healthcare costs (*long term*) is. ...

1. **Consumer Driven Health Plans (CDHPs)** - HRAs and HSAs will help the employer achieve long term solutions and cost effective use of healthcare dollars and services. As the employee and their respective families increase self-awareness, they become 'partners' in health care decision making that will save dollars for future health needs.

* * * * *

Gregory D. Grimm is president of Health Choice, Inc. of Newton, NJ. He can be reached at 610/351-8292 or e-mailed at greg@thuco.com.



PAHU Magazine **ONLINE** New Interactive Edition

Pennsylvania Health Underwriter magazine is now available for members to read online. Essentially it's the same information published in the 'hard copy' magazine. With PAHU's new *interactive* online edition you may now conveniently e-mail articles to your friends in the industry. You may even offer your personal comments and insight on the topics covered in each issue.

As we begin the year 2005, we ask you take a minute to visit the magazine's new *interactive* online edition and peruse the articles. If you find anything of interest you think a colleague might appreciate, simply click on the small envelope icon at the end of each article and e-mail it to your colleague. When reading an article, if you agree (or disagree) with the author's points, let him or her know your thoughts by clicking on the 'comment' link at the end of each article. Or, feel free to comment on any subject by scrolling to the end of all the articles and use of the 'open forum' section.

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The Real Costs Of Single Payer Systems

Janet Trautwein, NAHU Vice-President of Government Affairs

Every year we hear that America's health care system is on the brink of disaster, and that American citizens have the right to quality health care regardless of what part of the country they live in, their health status or their income. We are assured that in countries around the world, citizens are assured of access to quality health care through programs run by their national governments.

Is health care a right? Even in countries with national health care, there is no real right to health care in the true sense of the word, if that right would obligate the government to provide any particular service. In Canada, for example, people have no right to an MRI, no right to heart surgery, no right to have a set place in line for these services. Patients may wait for months or even years for treatment, and their place in line can and is often bumped by someone else for any number of reasons.

Waiting times aside, once people are able to get service, do they get equal care? In Great Britain a recent study put out by The Good Hospital Guide showed that the hospitals with the best performance were located in or near the wealthiest sections of the city. The worst hospitals were located in east London, in the most economically depressed area of the city. Different outcomes were also seen in urban or metropolitan areas vs. rural areas.

UNIVERSAL HEALTH CARE

Of course, there are also disparities in access to health care in the United States. People with higher incomes and educational status as a group enjoy better health status than those of lower income and educational status. Approximately 15.2 percent of the United States population lacks private health insurance and is not enrolled in public health programs. For years, some proponents of national health care both from Europe and within this country have asserted that poor people in the United States get no care because they cannot afford it.

The real truth is that almost all of the elderly in America are enrolled in Medicare, through which they are entitled to vir-

tually all the United States health care system has to offer. Further, Medicaid, designed to serve those who are indigent, now spends more than Medicare and those who enroll in it seek care and use Medicaid at rates comparable to those with private insurance. The Veterans Administration provides another safety net. And every state has a system of public hospitals and clinics that provide medical services to low-income individuals without insurance. Federal law requires emergency rooms to take all comers, regardless of ability to pay, and state and federal laws also require many hospitals to provide charity care. Those institutions that provide a disproportionate share of care to uninsured and Medicaid patients receive federal and state funds to offset their losses. Through these avenues, the poor often have access to the most advanced technology and therapies, without the rationing and waiting inherent in countries with national health care systems.

Proponents of a single-payer health system argue that such a plan would provide all citizens with high-quality comprehensive health coverage. In reality, single-payer systems deny care to those who need it most. Statistics from countries that have implemented single-payer systems underscore this point.

- More than 1.3 million Canadians (out of a total population of 26 million) are waiting for medical services, and the latest survey data indicates that 212,990 Canadian patients are waiting for surgical procedures. *Source: National Center for Policy Analysis (NCPA) and Fraser Institute.*
- On any given day, one million people in Britain are on a waiting list for in-patient hospital admission. *Source: Capitalism Magazine*
- 45% of Canadians who are waiting for services describe themselves as "in pain." *Source: Statistics Canada.*
- Canadian patients wait an average of 6 weeks after referral from a primary care physician to see a specialist, and then wait another 7.3 weeks on average before they receive treatment. Total waiting time has jumped 43% since 1993. *Source: Fraser Institute.*
- Kaiser-Permanente HMO in the United States and Britain's National Health Service (NHS) have similar resources, but the Kaiser plan offers better care more quickly. The difference is explained by better management, better use

of integrated systems, greater investment in technology, and free-market competition. *Source: Institute for Global Health at the University of California*

- In Britain, the government rations access to prescription drugs with a lottery based on a consumer's zip code. The "lucky" zip code can change at any time, often on the basis of political expediency rather than medical necessity. *Source: Capitalism Magazine*
- One in five British physicians knows someone who has been harmed by delays in receiving treatment. Approximately two-thirds of Canadian and Australian physicians sampled -- and more than three-quarters of British and New Zealand doctors -- believe delays are a problem. In contrast, when surveyed, only seven percent of American physicians say delayed treatment is a problem. *Source: NCPA*

Another danger of single-payer systems is that they tend to delay covering the latest medical technology, often at the expense of patients.

- Studies show that during the 1970s, heart patients in the United States received needed pacemakers four times more frequently than British patients, and 20 times more often than Canadian patients. U.S. patients were able to receive needed CAT scans three times more frequently than Canadian patients, and six times more frequently than British patients during the same time period. *Source: NCPA.*
- When compared with Canada, on a per capita basis, the U.S. has 10 times as many MRI units, 11 times as many cardiac catheterization units, and three times as many open-heart surgery units. *Source: NCPA.*
- On a per person basis, the U.S. has three times as many CAT scanners, and three times as many lithotripsy units (which destroy kidney stones and gallstones). *Source: NCPA.*
- "With regard to access to high-tech machinery, Canada performs dismally by comparison with other OECD countries. While ranking number one as a health care spender [among OECD countries with publicly funded universal health care systems], Canada ranks 18th in access to MRIs, 17th in access to CT scanners, [and] eighth in access to radiation machines." *Source: Fraser Institute*

Under single-payer plans, doctors and other health care providers are also often short-changed. Consider some of these facts about some single-payer health care systems, and their treatment of health care providers.

- In Canada and in Britain, doctors see approximately 40 percent more patients annually than doctors in the U.S. *Source: NCPA*
- On average, doctors in Canada and Germany earn about half what their U.S. counterparts do. In Austria, France and Britain it's less than one-third, and in Finland, Norway and Sweden just one-fourth. *Source: NCPA*
- In Canada, compensation for doctors has not increased significantly since 1983. *Source: Business Week.*
- In Alberta, Canada, obstetricians are subject to a \$185 cap on delivery fees. *Source: Business Week.*
- For Canadian physicians, net income after expenses, but before taxes, is on average 40-50% less than their gross income. *Source: Wall Street Journal.*
- In 1995, 30 of 95 individuals who received a degree in family medicine from the University of Toronto moved to the U.S. *Source: Wall Street Journal.*
- It is estimated that 2,000 Canadian health care providers, including approximately 500 doctors, emigrate to the U.S. each year. *Source: Wall Street Journal.*
- A recent survey of all 36,000 general practitioners in Britain asked them if they would be prepared to resign from the National Health Service. There was a 66 percent response rate and 86 percent voted in favor of resignation. *Source: British Medical Association*
- One in four British physicians claim to be seriously considering leaving private practice. *Source: British Medical Journal*

Advocates of single-payer plans often claim that implementing such a system would drastically reduce administrative costs. However, when calculating administrative savings, these advocates have failed to take into account the many hidden costs associated with a single-payer health system. Examples of hidden costs include:

- Extra costs because of increased doctor visits. For example, in Quebec, following the introduction of universal health insurance, office visits rose by 32%. *Source: Health Affairs.*
- Extra costs due to service delays. People who are waiting to receive medical treatment often experience decreased productivity. Furthermore, patients who are forced to wait for medical treatment often experience health status deterioration, driving up their overall treatment costs. *Source: Health Affairs*
- Income-loss for family members. Family members who have to serve as caregivers for those experiencing service delays also shoulder the cost-burden. *Source: Health Affairs.*

continued on next page

- Under single-payer plans, health care savings are not achieved through increased efficiency, but instead are achieved through service denials.
- Despite its single-payer system, Canada has been no more successful in reducing health care costs than the U.S. From 1967-1987, real increases in health care spending per capita were almost identical between the two countries, with Canadian spending rising at a slightly faster rate. (Canada—4.58% increase; U.S.—4.38% increase).
- In Britain, a recent study documents some of the wasteful spending and fraud associated with the National Health Service. According to the report, between \$1.4 billion to

\$4.3 billion pounds are lost annually through fraud such as patients falsely claiming free prescriptions and dentists charging for treatment not carried out. Furthermore, almost \$3 billion pounds annually are lost because of "bed blocking" by elderly people who do not need acute care but cannot be discharged because they have nowhere to go. Almost \$3 billion pounds annually go to sick pay and agency nurses-- 40 percent of the sickness being caused by back injuries to nurses who tried to lift patients incorrectly. Finally, just under \$1.5 billion pounds are spent annually to treat hospital-acquired infections. *Source: Sunday Time*

PHILLIPS TAKES ISSUE WITH CBS 'NEWS' REPORT

Editor's Note: In a letter dated November 1, 2004, PAHU member and lobbyist, Vince Phillips wrote to CBS News regarding their broadcast of a story by CBS news correspondent Wyatt Andrew. The following is a reprint of his letter in its entirety.

TO: CBS News
FR: Vince Phillips
RE: "News" Report November 1, 2004

CBS News needs a news check. I refer to the highly biased coverage given the Presidential Campaign November 1 and particularly the story on medical malpractice caps. Understand that after Dan Rather's misfortune regarding incorrect Bush Air National Guard, I switched channels looking for news without spin.

The obvious bias emanating from tonight's broadcast on Wyatt Andrew's story alarmed me. To review the story, he profiles a family who suffered a tragedy over the loss of a daughter blamed on a condition that the doctor supposedly should have seen. He cuts to the candidates. Then, he goes to a talking head identified only as a consumer advocate, and then returns to the family when he asks, "Was it about the money?"

From a media perspective, this is more 'Michael Moore' than news. Where was the doctor who is forced to retire because of medical malpractice insurance rates? Where is the fact that the US House of Representatives passed the cap, not once, but twice? Where is the documentation on the cost of excessive jury awards? Needless to say, it was not in your program.

I recommend a top-to-bottom housecleaning if CBS wants to rebuild credibility. If you permit this biased coverage to continue, of which Wyatt Andrew's story is but one example, then you can expect to continue to lose your audience.

Vince Phillips
3610 Kent Drive, Mechanicsburg, PA 17050
717-728-1217 • xenobun@aol.com

We can learn an important lesson from the experience of other countries with national health care. This documented experience shows that under a single payer health care system, Americans would most likely receive less health care, and that what they would receive would be of lower quality. The answer to today's health care problems is not in more government bureaucracy or more governmental control over our health care system. Instead we need to look for innovative ways to limit the role of government and extend greater choice and responsibility to individuals in meeting our health care needs.

* * * * *

Janet Stokes Trautwein is Vice President of Government Affairs for NAHU, which represents more than 19,000 professionals involved in the sales and service of health insurance and related products. With extensive experience in issues related to the uninsured, long-term care, high-risk pools and health insurance markets, Janet has participated in two GAO studies on health insurance markets; a study of the individual health insurance market with the Kaiser Family Foundation; and numerous NAHU-sponsored research projects on health insurance markets and other relevant health issues. Her background includes 17 years in the insurance business as a principal in an insurance agency specializing in health insurance, employee benefits, and related products. .

In December of 2000, Janet was appointed to the health advisory transition team for President Bush and the Department of Health and Human Services. In 2004, Janet was honored as recipient of the Harold R. Gordon Award, one of the most prestigious and significant honors within the health insurance industry.

You may contact Janet at 703-276-3806 or by e-mail at jtrautwein@nahu.org.



Editors Note: The Pennsylvania Options Matrix is a research project commissioned by the NAHU to compile pertinent and useful healthcare data for all 50 states. NAHU's Legislative Director of Policy Research, Jessica Fulginiti Waltman is the primary project coordinator. Due to the voluminous data available the Pennsylvania Matrix is published in 3 parts. This is the second part. The entire matrix is available online for review and download at the PAHU website at www.PAHU.org.

The Pennsylvania Health Care Options Matrix

Part 2



Information for people who qualify for their state's medical assistance (Medicaid) Program

<p>Contact information for state Medicaid program</p>	<p>Office of Medical Assistance Programs Room 515, P.O. Box 2675 Harrisburg, PA 17105 717-787-1870 www.dpw.state.pa.us/omap/dpwomap.asp</p>
<p>Income guidelines for Medicaid qualifications for the following populations, including asset limitations for adults with special needs</p>	<p>Anyone who receives the following benefits is automatically eligible for Medicaid without filing a separate application:</p> <ul style="list-style-type: none"> /// Temporary Assistance for Needy Families (TANF) /// Supplemental Security Income (SSI) /// General Assistance (GA) /// Refugee Cash Assistance /// State Blind Pension /// State Subsidized Adoption /// Title IV-E Foster Care /// Received TANF for at least three months of the previous six months prior to losing eligibility because of an increase in income from employment or the receipt of child support. Medicaid under these circumstances is limited to not more than 12 months for employment income and not more than 4 months due for support. <p>Other applicants are subject to the following income restrictions: SSI Recipient Individual—74% of the federal poverty level SSI Recipient Couple—82% of the federal poverty level</p> <p>State Supplemented Payments for SSI Individual Recipients—84% of the federal poverty level</p> <p>Medically Needy Individual—59% of the federal poverty level Medically Needy Couple—46% of the federal poverty level</p> <p>Resource Restrictions: Medicaid eligibility is also determined using resource and household size in comparison to resource limits. Resource limits do not apply for families with children in the household who are under their care and control and under the age of 21.</p> <p>Examples of resources counted in determining eligibility include:</p> <ul style="list-style-type: none"> /// Cash /// Checking accounts /// Savings accounts and certificates /// Christmas or vacation clubs /// Stocks and bonds /// Some trust funds /// Life insurance /// Vehicles /// Revocable burial funds /// Non-resident property

	<p>For the categorically needy (also receiving other social services benefits) resources may only total:</p> <p>SSI Recipient Individual--\$2000 or less or less</p> <p>SSI Recipient Couple--\$3000</p> <p>Medically needy individual--\$250 or less</p> <p>Medically needy couple--\$1000</p> <p>For the Medically Needy Only recipients (only receiving Medicaid benefits) resources may only total:</p> <p>One person--\$2400 or less Each additional person in the household--\$300</p> <p>Two people--\$3400 or less</p>
<p>Income guidelines for Medicaid qualifications for the following populations, including asset limitations for Pregnant women and infants</p>	<p>Income restrictions: Pregnant Women—185% of the federal poverty level Infants—185% of the federal poverty level</p> <p>When determining which income eligibility limit applies to a pregnant woman, household size is increased by the number of unborn children. Example: If a woman verifies she is pregnant with twins, then she counts as three persons.</p> <p>Infants are automatically covered up to age one if mother was Medicaid eligible at time of child's birth and child lives with the mother.</p> <p>In Pennsylvania, there are no asset or resource limitations for pregnant women and infants.</p>
<p>Income guidelines for Medicaid qualifications for the following populations, including asset limitations for Medicaid eligible children (all ages)</p>	<p>Income restrictions: Children ages 0-1—185% of the federal poverty level Children ages 1-5 – 133 % of the federal poverty level Children ages 6-19 – 100% of the federal poverty level</p> <p>In Pennsylvania, there are no asset or resource limitations for Medicaid-eligible children.</p>
<p>Other qualification requirements for Medicaid enrollments for the following populations (i.e.: state resident, crowd-out requirements, condition restrictions, etc.) for Adults with special needs</p>	<p>Medicaid is available to U.S. citizens, refugees and certain lawfully admitted aliens. Other aliens may be eligible for limited Medicaid benefits if an emergency medical condition exists. In Pennsylvania, residents must submit proof of identify by providing a social security number or another form of identification, such as a drivers license. Also, recipients must document that they are a state resident, although there is no requirement regarding the length of time that a person must live in Pennsylvania.</p>
<p>Other qualification requirements for Medicaid enrollments for the following populations (i.e.: state resident, crowd-out requirements, condition restrictions, etc.) for pregnant women and infants</p>	<p>Medicaid is available to U.S. citizens, refugees and certain lawfully admitted aliens. Other aliens may be eligible for limited Medicaid benefits if an emergency medical condition exists. In Pennsylvania, residents must submit proof of identify by providing a social security number or another form of identification, such as a drivers license. Also, recipients must document that they are a state resident, although there is no requirement regarding the length of time that a person must live in Pennsylvania.</p>
<p>Other qualification requirements for Medicaid enrollments for the following populations (i.e.: state resident, crowd-out requirements, condition restrictions, etc.) for all Medicaid eligible children</p>	<p>Medicaid is available to U.S. citizens, refugees and certain lawfully admitted aliens. Other aliens may be eligible for limited Medicaid benefits if an emergency medical condition exists. In Pennsylvania, residents must submit proof of identify by providing a social security number or another form of identification, such as a drivers license. Also, recipients must document that they are a state resident, although there is no requirement regarding the length of time that a person must live in Pennsylvania.</p>
<p>Description of covered services/benefits for adults with special needs</p>	<p>Benefits may include:</p> <ul style="list-style-type: none"> /// Office visits /// Prescription Drugs /// Immunizations /// Vision Testing and Eyeglasses /// Emergency Room Care /// Lab Testing and X-Rays

	<ul style="list-style-type: none"> /// Hearing testing and hearing aids /// Mental and substance abuse treatment
Description of covered services/benefits for pregnant women and infants	<p>Benefits may include:</p> <ul style="list-style-type: none"> /// Office visits /// Prescription Drugs /// Immunizations /// Vision Testing and Eyeglasses /// Emergency Room Care /// Lab Testing and X-Rays /// Hearing testing and hearing aids /// Mental and substance abuse treatment
Description of covered services/benefits for all Medicaid eligible children	<p>Benefits may include:</p> <ul style="list-style-type: none"> /// Office visits /// Prescription Drugs /// Immunizations /// Vision Testing and Eyeglasses /// Emergency Room Care /// Lab Testing and X-Rays /// Hearing testing and hearing aids /// Mental and substance abuse treatment
Cost information for (i.e. copays, etc) adults with special needs	Medicaid recipients do not have any cost-sharing requirements in Pennsylvania. Medicaid recipients receive an ACCESS card, which is presented to medical providers who accept Medicaid payment for services. Recipients who live in counties in which managed care is mandatory also receive an identification card, which carries the name of the health maintenance organization (HMO) they have selected. The HMO and ACCESS cards are presented to approved providers for services.
Cost information for (i.e. copays, etc) pregnant women and infants	Medicaid recipients do not have any cost-sharing requirements in Pennsylvania. Medicaid recipients receive an ACCESS card, which is presented to medical providers who accept Medicaid payment for services. Recipients who live in counties in which managed care is mandatory also receive an identification card, which carries the name of the health maintenance organization (HMO) they have selected. The HMO and ACCESS cards are presented to approved providers for services.
Cost information for (i.e. copays, etc) all Medicaid eligible children	Medicaid recipients do not have any cost-sharing requirements in Pennsylvania. Medicaid recipients receive an ACCESS card, which is presented to medical providers who accept Medicaid payment for services. Recipients who live in counties in which managed care is mandatory also receive an identification card, which carries the name of the health maintenance organization (HMO) they have selected. The HMO and ACCESS cards are presented to approved providers for services.
Information about the state's Children's Health Insurance Program (CHIP)	
State CHIP Program contact information	<p>1-800-986-KIDS</p> <p>CHIP is Administered by the Pennsylvania Department of Insurance Patricia Stromberg, Executive Director 1326 Strawberry Square Harrisburg, PA 17120 www.ins.state.pa.us 877-881-6388 717-705-6830</p>
CMS CHIP Contact Information	<p>State Children's Health Insurance Program – Title XXI 7500 Security Boulevard, Mail Stop S2-01-16 Baltimore, MD 21244</p> <p>Regional Contact: Rosemary Field 215-861-4278</p>
Income ranges for eligible children (ie up to 200% of FPL) and age ranges by income level (ie: Kids 10-15 up to 150%)	Pennsylvania CHIP covers all children under age 19 with family incomes that fall below 235% of the Federal Poverty Level.
Other eligibility requirements for children (i.e. state resident, not Medicaid eligible, etc.)	<ul style="list-style-type: none"> /// Must not be eligible for Medicaid or have any other health insurance /// Must be under age 19 /// Must be a U.S. citizen or lawful alien /// Must be a Pennsylvania resident for at least 30 days, except for a newborn /// The family's income must not exceed specified levels.
Any crowd-out requirements	The state monitors crowd-out by asking if the applicants have private insurance coverage on the enrollment and

	renewal forms, and data matches are made against private insurance files.
Description of covered services/benefits	<p>Coverage includes:</p> <ul style="list-style-type: none"> /// Immunizations /// Routine Check-ups /// Diagnostic Testing /// Prescription Drugs /// Dental, Vision, Hearing Services /// Emergency Care /// Maternity Care /// Mental Health Benefits /// Up to 90 Days Hospitalization in any Year /// Durable Medical Equipment /// Substance Abuse Treatment /// Partial Hospitalization for Mental Health Services /// Rehabilitation Therapies /// Home Health Care
Information if program can be used in conjunction with parents employer-based or other coverage	<p>CHIP coverage cannot be used in conjunction with parent employer-sponsored health insurance at this time.</p> <p>While CHIP and Medicaid are separate programs in Pennsylvania, if a parent applies for one and is deemed ineligible because of income, the application is automatically sent to the other program for review and enrollment, if applicable.</p>
Information any benefits for parents	The Pennsylvania CHIP program does not allow parent participation; however, the adultBasic program, which is also administered by the state Department of Insurance and is designed similarly to the CHIP program is available to low-income adults.
Cost information	There is no cost-sharing for CHIP participants.
Information on other state-based programs for low-income insured or low-income uninsured (not Medicaid eligible)	
Program Name and Description	<p>adultBasic</p> <p>This program provides health insurance for adults meeting certain eligibility requirements and who do not have private health insurance coverage. Through contracts with four insurance companies throughout the state, adultBasic offers basic benefits including preventative care, physician services, diagnosis and treatment of illness or injury, in-patient hospitalization, out-patient hospital services, emergency accident and medical care.</p>
Program Contact information	<p>adultBasic administered by the Pennsylvania Department of Insurance</p> <p>Patricia Stromberg, Executive Director 1326 Strawberry Square Harrisburg, PA 17120</p> <p>www.ins.state.pa.us 877-881-6388 717-705-6830</p>
Description of any income or other eligibility requirements for each program	<p>To be eligible for adultBasic you must:</p> <ul style="list-style-type: none"> /// Be between the ages of 19 and 64 /// Not have any other healthcare coverage (including Medicaid or Medicare) /// Have been without health insurance for 90 days prior to enrollment, except if you or your spouse lost health insurance coverage because you are no longer employed /// Have a family income below 200% of the Federal Poverty Level /// Be a resident of Pennsylvania for at least 90 days prior to enrollment /// Have U.S. citizenship or permanent legal alien status
Description of covered services and or benefits	<p>adultBasic coverage includes:</p> <ul style="list-style-type: none"> /// Inpatient Hospital Care (including maternity care) /// Short Procedure Unit Care /// Emergency Room Care /// Primary Care /// Specialist Care /// Surgery /// Obstetrics /// Laboratory/Pathology Tests

	<ul style="list-style-type: none"> /// X-Rays /// Routine Mammograms /// Rehabilitative Care (in lieu of inpatient hospital care) /// Ambulance Service /// Diabetic Supplies and Injections /// Routine Gynecological Care 						
Cost information for each program	<p>An eligible adult is responsible for paying \$30 per month for coverage. In addition, enrollees are required to pay co-payments for certain services including:</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 70%;">Primary Care Provider Visit</td> <td style="text-align: right;">\$ 5.00</td> </tr> <tr> <td>Specialist Visit</td> <td style="text-align: right;">\$10.00</td> </tr> <tr> <td>Emergency Room Visit</td> <td style="text-align: right;">\$25.00 (waived if patient admitted)</td> </tr> </table> <p>There are no co-payments for any other services.</p>	Primary Care Provider Visit	\$ 5.00	Specialist Visit	\$10.00	Emergency Room Visit	\$25.00 (waived if patient admitted)
Primary Care Provider Visit	\$ 5.00						
Specialist Visit	\$10.00						
Emergency Room Visit	\$25.00 (waived if patient admitted)						
	<p>The adultBasic currently has a significant waiting list for enrollment. Individuals placed on the waiting list are given the option of purchasing coverage at the state's average monthly cost of \$260 per month until space in the program is available.</p>						
Program Name and Description	<p>Medical Assistance for Workers with Disabilities (MAWD). MAWD lets Pennsylvanians with disabilities take a fulfilling job, earn more money and still keep their full medical coverage. With MAWD you can keep Medicaid while you work, even if your earnings increase above the limits for other Medicaid programs.</p>						
Contact information	<p>Medical Assistance for Workers with Disabilities</p> <p>1-800-692.7462 TTD: 1-800-451-5886</p> <p>www.dpw.state.pa.us Choose "Office of Income Maintenance"</p>						
Description of cost, eligibility and benefit services	<p>To be eligible for MAWD, you must:</p> <ul style="list-style-type: none"> ?? Be at least 16 years of age but less than 65 ?? Be employed and receiving compensation ?? Have a disability that meets the Social Security Administration's standards. ?? Have countable income below 250 percent of the Federal Poverty Level ?? Have \$10,000 or less in countable resources. (resident property and one automobile are not countable assets) <p>Monthly premium costs are 5% of countable monthly income.</p> <p>Benefits may include:</p> <ul style="list-style-type: none"> /// Doctor visits /// Durable medical equipment /// Prescription drugs /// Emergency care /// Mental health services /// Dental services /// Drug and alcohol treatment /// Hospital stays /// Rehabilitation services /// Hospice services /// Medical transportation services 						
Program Name and Description	<p>The Pennsylvania Dental Association maintains the Pennsylvania Dental Clinic Directory, which helps low-income</p>						

	individuals find low-cost dental clinics in every county of the state. There is a separate directory available that addresses dental providers that provide low-cost treatment to Seniors.
Contact information	Pennsylvania Dental Association Pennsylvania Dental Clinic Directory 3501 North Front Street P.O. Box 3341 Harrisburg, PA 17105 http://www.padental.org/conspatinfo/dentalclinicdirectory/introduction.htm
Description of cost, eligibility and benefit services	Eligibility requirements, costs and available dental benefits vary on a clinic-by-clinic basis.
Program Name and Description	Love 'Em With a Check-Up
Contact information	1-800-986-BABY or 1-800-986-KIDS Mary King-Maxey Division of Community Systems Development and Outreach Bureau of Family Health 717-772-2173
Description of cost, eligibility and benefit services	Provides free check-ups to both pregnant women and low-income children.
Program Name and Description	Special Kids Network
Contact information	James Marchaman Division of Community Systems Development and Outreach Bureau of Family Health 717-772-2763
Description of cost, eligibility and benefit services	Statewide information and referral system to assist individuals and families of children with special needs in obtaining needed services.
Program Name and Description	Chronic Renal Disease Program
Contact information	Elaine Gibble Division of Child and Adult Health Services Bureau of Family Health 717-772-2762
Description of cost, eligibility and benefit services	This Program provides life-saving care and treatment for children and adults with end-stage renal disease. The program provides dialysis services, renal transplantation, medical management, inpatient and outpatient services, home dialysis supplies and equipment, medications, and limited patient transportation.
Program Name and Description	Head Injury Program
Contact information	Annette Jacek Division of Child and Adult Health Services Bureau of Family Health 717-772-2762
Description of cost, eligibility and benefit services	This program provides post-acute head injury rehabilitation services to adults domiciled in Pennsylvania, who experienced a traumatic brain injury after July 2, 1985 and have exhausted all alternative financial resources.
Program Name and Description	Sickle Cell Disease Program
Contact information	Dawn Johnson Division of Child and Adult Health Services Bureau of Family Health 717-772-2762
Description of cost, eligibility and benefit services	This Program provides comprehensive medical treatment and psychosocial services, care coordination, and education to children and adults with sickle cell disease.
Program Name and Description	Hemophilia Program
Contact information	Jane Wolfe Division of Child and Adult Health Services Bureau of Family Health 717-772-2762
Description of cost, eligibility and benefit services	This Program provides comprehensive services including diagnosis, treatment, therapy, outpatient follow-up, and blood products for children and adults with hemophilia.
Program Name and Description	Childhood Lead Poisoning Treatment and Prevention Program



NAHU...

Your Voice, Your Organization

At a time when Congress and state legislatures are considering bills that could change, or even eliminate, your livelihood, NAHU is the one unwavering voice representing your interests. We know how important you are to the health and well-being of the people you serve, and we bring that message to your elected officials, clearly and forcefully, every day.

Won't you help us help you? By joining NAHU, you add your voice to those of over 19,000 of your peers and colleagues. You'll also enjoy the following benefits of membership:

1) Information Resource – With our website (www.nahu.org), Health Insurance Underwriter (HIU) magazine, and several newsletters and broadcast emails at your fingertips, you'll always have the most current industry information.

2) Legislative Advocacy – NAHU's legislative efforts strive to educate and inform elected leaders at the federal and state level. We've learned that most legislators simply do not understand the health care system and the agent's role in the system. Through our network of Key Contacts, we cultivate relationships that put us in position to clarify issues before bills are written or votes taken. We strengthen these relationships through activity by the Health Underwriters Political Action Committee (HUPAC).

3) Health Insurance Underwriter Magazine – NAHU's monthly magazine will provide you with tips on selling, information on NAHU's activities on the national, regional, and local level, and updates on website content and other services that NAHU provides. Receiving HIU Magazine monthly is another great investment for your business.

4) Education and Networking – NAHU and our state and local chapters provide continuing education opportunities to keep you abreast of the trends, new products and policy changes in the industry. Many state and local chapters offer enough credits to fulfill all your state's CE requirements. These meetings will also give you time to network with your colleagues and make new acquaintances.

5) Member-Only Benefits – From an exclusive agreement with Marsh Affinity Group for Agent Preferred E&O insurance to discounts on shipping, conference calling, and credit cards, NAHU offers you opportunities to save money on the items you need to operate your business.

To protect your livelihood, and to begin enjoying these membership benefits, simply complete the application on the back of this sheet.

For more information about "your organization," log on to our website at www.nahu.org

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- 1) NAHU will protect your right to serve your clients needs.
- 2) You will obtain timely, informative news.
- 3) You can attend continuing education seminars on the hottest insurance topics.
- 4) You will share information with top producing insurance professionals.
- 5) You can participate in grassroots efforts that respond to local, state, and federal legislative issues.
- 6) You will benefit from a variety of member-only discount programs.
- 7) NAHU's Code of Ethics demonstrates to your clients your commitment to professionalism
- 8) You will play an active role in the future of the health insurance industry.
- 9) You will receive a subscription to HIU, the association's monthly magazine.
- 10) With NAHU following trends in Large and Small Group Managed Care Plans, Individual Health Plans, Long Term Care Insurance, Disability Insurance, and Medicare Supplements, you will benefit from membership no matter your specialty.

PLEASE COMPLETE THE APPLICATION ON THE NEXT PAGE AND SENT IT TO:
NAHU, 2000 N. 14th Street, Suite 450, Arlington, VA 22201
If you have any questions please contact Illana Maze,
VP of Membership, at (703) 276-3810.



NAHU Membership Application



Last Name First Name Designation

Company Title Referral/Sponsor

Mailing Street Address City State Zip

Telephone Fax E-Mail Address

Home Street Address (for legislative purposes) City State Zip

Local Association (see other side of this application)

Form of Payment Enclosed: Amount: _____

- Monthly Draft (please select one) Checking Account Credit Card
- Check (payable to NAHU)
- Annual Credit Card (please select one) Visa MasterCard Am Ex Discover

Bankdraft / Credit Card Authorization Form:

I (we) hereby authorize NAHU to initiate debit entries to my (our) account as indicated.

- Monthly debits will equal one-twelfth of any current applicable national, state or local dues.
- (Please include a voided check from the account to be drafted, or write credit card number below)

Name (as it appears on the check or credit card) Signature

Account Number Expiration Date

Please Mark the Box or Boxes For The Areas of Your Practice:

<input type="checkbox"/> Long Term Care	<input type="checkbox"/> Disability	<input type="checkbox"/> Managed Care	<input type="checkbox"/> Retirement
<input type="checkbox"/> Individual	<input type="checkbox"/> Large Group	<input type="checkbox"/> Small Group	<input type="checkbox"/> Worksite Mktg.
<input type="checkbox"/> TPA	<input type="checkbox"/> Self Insured	<input type="checkbox"/> Medicare Supplement	<input type="checkbox"/> Dental

Mail To: NAHU, 2000 N. 14th Street, Suite 450, Arlington, VA 22201
Fax to: 703 841-7797

**If you have questions, please contact Illana Maze,
 NAHU VP of Membership, at 703-276-3810**

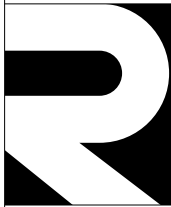
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FINANCIAL STRENGTH

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more than 84,000 policyholders
rated A- by A.M. Best Company
rated A- by Standard & Poor's

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rated A- (excellent)  by A.M. Best Company



Greater Philadelphia Association Holds Annual Fall Conference



The GPAHU held its annual fall conference at the Hilton Twelve Caesars on City Line Avenue in Philadelphia on October 28th. Over 400 members and industry leaders attended this event that featured keynote speaker U.S. Senator Arlen Specter. The GPAHU presented a \$10,000 check to the PAHU Millennium Fund to support the state association with its ongoing legislative activity. Over 40 exhibitors who offered a variety of products and services supported the conference.



PAHU president Charles A. Neiman with Treasurer Robert Ziff and GPAHU member Regina Stearn.



Senator Arlen Specter addresses over 400 members and industry guests at the GPAHU's 2004 Fall Conference.



William Daggett, Jr., CEO of Kistler Tiffany Benefits, and Chris Butler, Chief Marketing Executive for IBC, among the attendees at the GPAHU fall conference.



From left to right: Kevin Roberts, William Raab, Vince Phillips, and David Cagliola present the GPAHU's \$10,000 donation to the PAHU Millennium Fund. The Millennium Fund supports the legislative activity of the PAHU.



Aetna representative Ralph Borzillo with NEPAHU President Fayez Elias providing information at the Exhibitor's Area.

NAHU'S CAPITOL CONFERENCE 2005

FEBRUARY 7-9, 2005

COMMENTS FROM PAST CAPITOL CONFERENCE ATTENDEES

The NAHU Board of Trustees is encouraging as many members as possible to attend this year's NAHU Capitol Conference. It's a great experience to visit our nation's Capital and visit our Senate and House Members. It's our opportunity to provide them with the information they need to deal with the complex health care issues.

Here's what other members from around the country had to say about the Capitol Conference:

"I've been a NAHU member since 1987. This year I went to Cap Conference for the first time. Why did I wait so long?"
- *Linda LaMott, Coeur d'Alene, ID*

"Capitol Conference is one of the most significant experiences in which I have ever participated! This event defines what participating in and supporting a national association is all about!"
- *Denny Ebersole, Gretna, LA*

"Capitol Conference exceeded my expectations. I walked away with a wealth of information that affects my clients...it made every minute of the time invested worth it."
- *Lisa Jacobs, Los Angeles, CA*

"I have attended Capitol Conference for the last five years and always learn something new on each trip. I always tell new members that if they have to choose one meeting to attend, Cap Conference is it. You learn more and do more than anywhere else you can go with any other group."
- *Russ Childers, Americus, GA*

"As a first-timer, I did not know what to expect and I was frankly somewhat pessimistic about the whole thing. I left the conference both informed and energized and for that I owe a hearty thanks."
- *Christopher J. DeLorey, Newton, MA*

"Meeting with legislators at the national or state level can be very intimidating. NAHU does a fantastic job of preparing agents for meetings with elected officials. I felt very comfortable discussing the key points of four different bills and the role of the agent with our elected representatives."
- *David Benson, Los Angeles, CA*

"If we do not help legislators understand what consumers want and need, as well as the unintended consequence of well intended legislation, then someone else will."
- *Carol T. Hayes, Marietta, GA*

"Not only does the knowledge gained enhance my value as a broker to my clients, but also allows me to educate the legislators, which impacts the future of health care in our country. What a dynamic duo!"
- *Carla Magarity, Los Angeles, CA*

"This was my sixth visit to Washington during Cap Conference and each year it becomes more apparent that, through the efforts of our NAHU legislative group, our association is gaining the respect necessary to impact legislation. Our elected officials are now calling for advice and are seeking our help to understand the key issues that concern us all."
- *Gary R. Looney, San Antonio, TX*



We encourage every Pennsylvania member to take a few days to visit with us in Washington, D.C. Please complete the Capitol Conference Registration Form on page 26 and make your hotel reservations early. For more information visit the NAHU website and click on the 'MEETINGS' link: <http://www.NAHU.org/meetings>



CAPITAL CONFERENCE 2005

February 7–9, 2005

“NAHU—Leadership through Innovation and Market Based Change”

Why You Should Attend

Each year your attendance at NAHU’s annual Capital Conference takes on greater significance. As we grow in influence and credibility, more and more members of Congress from both parties look to NAHU members to give them a realistic viewpoint on the feasibility of various proposals they will address.

This year, we’ve participated in the regulatory process to see Health Savings Accounts not only go into effect, but potentially become a driver for a dynamic change in the health insurance market. Members of Congress need to know how small businesses are viewing these new opportunities, and what challenges still exist.

State budgets continue to feel the strain of ever growing Medicaid costs—as much as two-thirds of many state Medicaid expenditures are for long-term care expenses. Lawmakers and policymakers at every level want to know more about ways to encourage people to plan for these expenses by purchasing long-term care insurance, the same way they do in 401(k) plans for their other retirement needs.

Now is the time for NAHU members to lead the discussion on new innovative ideas that will bring realistic and workable changes to the private sector health insurance market. Congress is expecting our members again during this year’s Capital Conference and, as an added benefit, you’ll find our outstanding lineup of speakers and breakout sessions will provide you with valuable information to take back home and put to use immediately.



IMPORTANT DEADLINES

Early Bird Capital Conference registration deadline: Monday, December 27, 2004
Capital Hilton Hotel reservations cut-off date: Friday, January 14, 2005

TRANSPORTATION

American Airlines has been selected as the official airlines of Capital Conference 2005. American is offering a 5% discount off lowest applicable fares, as well as zone fares. Zone fares allow for discounted travel without a Saturday night stayover, and are partially refundable if you need to cancel.

For conference airline discounts, contact American Airlines Meeting Services Desk toll free (1-800-433-1790) and refer to Star File Number 2225A0.

HOTEL ACCOMMODATIONS

Capital Conference is returning to the Capital Hilton Hotel, located at 16th & K Streets, NW. You may make reservations by calling 1-800-445-8667 or 202-393-1000. Be sure to identify yourself as an NAHU Capital Conference attendee to obtain the discounted rate of \$217 single/\$242 double. Towers Rooms are available for \$252 single/\$277 double. Quoted rates do not include tax. Check-in time is 3:00 p.m. One night's deposit is required to guarantee your reservation, and your credit card will be charged at the time you make your reservation. The reservation cut-off date is **Friday, January 14, 2005**. Be sure to make your reservation early, as the hotel will offer the group rate only until our block of rooms is filled.

NAHU's 15th Annual CAPITAL CONFERENCE February 7-9, 2005



First Name (please print your full legal name)		Last Name	Designations
Company Name			
Business Address		City, State, Zip	
Telephone	Fax	E-mail	
Chapter Name		Leadership Position in Chapter	
<input type="checkbox"/> I will attend the Congressional Reception (Wednesday, February 9, 5:30-7:00 p.m.)		In case of emergency, please notify:	
<input type="checkbox"/> This is my first Capital Conference		Name _____	
<input type="checkbox"/> I have contributed to HUPAC since January 2004		Daytime Phone _____	Evening Phone _____

REGISTRATION FEES

By December 27\$325
 December 28 - January 21\$350
 After January 21\$425

GUEST FEE - \$50

Guest fee includes 2 continental breakfasts and the Congressional Reception. Guests cannot be health insurance professionals.

Note: Congressional Reception guests must be at least 21 years of age. Only Capital Conference attendees and their registered guests may attend the reception.

Total Amount Due \$ _____
 Less "NAHU Bucks" enclosed \$ _____
 Total Amount Remitted \$ _____

Guest Name _____

MONDAY BREAKOUT SESSIONS

Please indicate which breakout sessions you plan to attend. All sessions will be repeated at 2:15.
 Choose only one session for each time period.

1:00 - 2:00 pm (select one)

- The Media's Role in Politics
- Improving Access to Long Term Care
- Health Savings Accounts
- Consumer Directed Health Care
- Medicare 101
- Will not attend a session from 1:00 - 2:00

2:15 pm - 3:15 pm (select one)

- The Media's Role in Politics
- Improving Access to Long Term Care
- Health Savings Accounts
- Consumer Directed Health Care
- Medicare 101
- Will not attend a session from 2:15 - 3:15

PAYMENT INFORMATION

My check made payable to NAHU is enclosed.

Please charge my registration fee to: MasterCard Visa American Express Discover

Account Number _____ Expiration Date _____

Signature _____

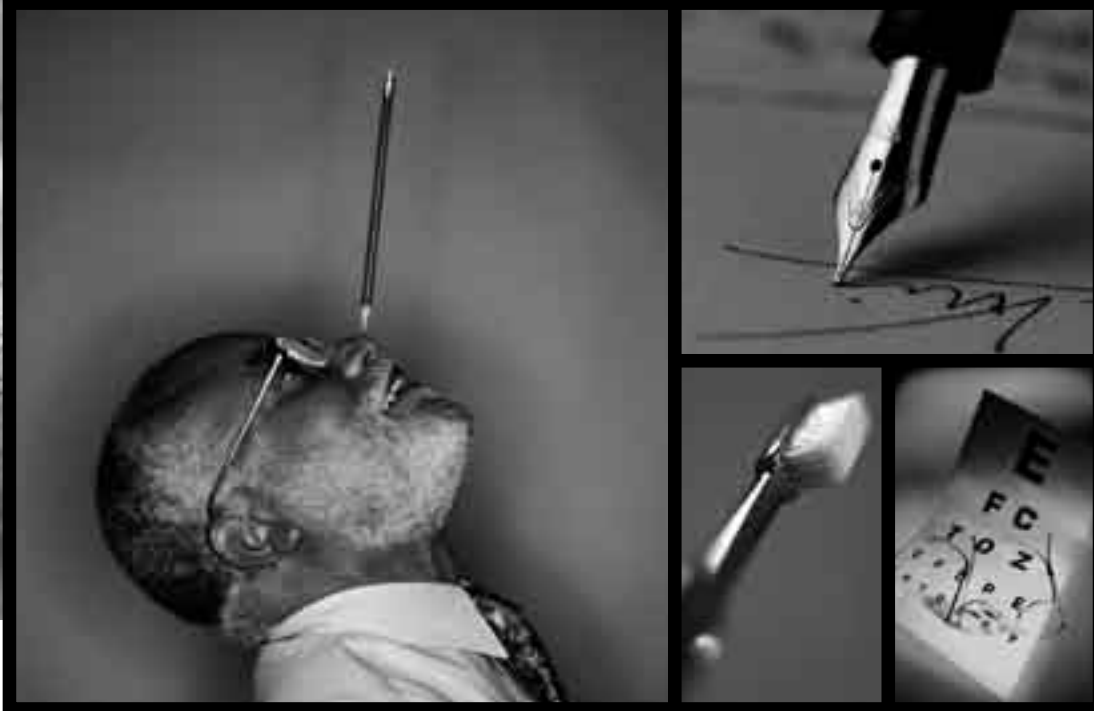
NOTE: You may pay all or any portion of your registration with NAHU Bucks. Mail registration with payment to:
 NAHU Capital Conference Registration, 2000 N. 14th Street, Suite 450, Arlington, VA, 22201. Registration forms may be faxed to (703) 841-7797, but must include credit card information and authorization.

Cancellation Policy: All cancellations must be in writing and submitted via mail or fax. Cancellations by January 21, 2005 - full refund, less \$50 administrative fee. Cancellations after January 21, 2005 - If there is an act of terrorism or war within the United States that, in the opinion of the NAHU Board of Trustees, makes it impossible or inadvisable for members to attend Capital Conference, written cancellation requests received prior to the start of the conference will be honored in full, less a \$50 administrative fee. In the absence of such an incident, no refunds will be provided.

Please check here if you have any special needs or require special services to fully participate in Capital Conference 2005. Please attach a list of your specific needs.

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NAIC PREPARES RESPONSE TO BROKER PROBES

By Jim Connolly, NU Online News Service, Nov. 12, 2004

State insurance commissioners are preparing inquiry letters to brokers and companies to address allegations about bid-rigging and problems with undisclosed broker compensation arrangements. Commissioners also are preparing to address the allegations with a new model act.

The inquiry letters, one for brokers and one for companies, will be sent out by state insurance departments, Diane Koken, Pennsylvania insurance commissioner and president of the National Association of Insurance Commissioners, Kansas City, Mo., said today in an interview.

The letters and the model act were developed Thursday during a meeting in Chicago. All NAIC officers were present and all members of a 13-member task force were represented. Other state representatives were also in attendance, Koken added.

The letters focus on “inappropriate solicitation practices that may have occurred” among both producers and companies as well as any ongoing internal investigations that have been started or investigations that have been completed.

A new model that is an amendment to the current Producer Licensing Model Act will be released publicly next week, according to Koken. The model is “relatively short” but could be expanded depending upon feedback from the full body of state insurance commissioners as well as interested parties, she said. A public hearing will be held during the winter NAIC meeting, which is scheduled to start Dec. 4.

It is important to get the model completed by year-end so that all states can get the model introduced in their legislatures quickly, Koken said. Koken added that the goal is to get the model enacted with as much uniformity as possible.

The meeting was attended only by U.S. insurance regulators, although Koken said all input will be welcomed during the public hearing. She reported that a number of state insurance commissioners are in regular contact with their state attorneys general on the issue. New York Superintendent Gregory Serio and the New York State Insurance Department are working with New York Attorney General Eliot Spitzer, Koken said.

Spitzer launched the investigation that has engulfed brokers and insurers and could extend to reinsurers. The two prongs of the NAIC effort, the letters and the model act, will be joined by a third prong, an online fraud-prevention website, Koken said. NAIC officials want to get the site up by Jan. 1, 2005.

State Premium Reform Efforts Around the Nation

State Premium Restrictions and Their Effects on Small Employers Vary Widely

Most states have enacted laws—generally referred to as state rating reforms—that restrict how much small employers’ health insurance premiums can vary. How these restrictions affect premiums depends on the latitude each state allows insurers when setting these premiums. Nearly all states have restricted insurers’ ability to vary small employers’ premiums to some degree. Tight restrictions allow no or little variation in premiums, while looser restrictions allow premiums to vary widely according to the health risk and demographic characteristics presented by each small employer.



In states that do not allow insurers to set premiums based on health status, small employers with employees who have health conditions pay the same premiums as those with employees who do not have any health conditions, all other characteristics being the same. In states allowing insurers to adjust premiums for health and other characteristics, premiums for small employers with high-risk employees can be several times higher than those for employers with low-risk employees. Overall, average premiums, adjusted for geographic differences in the cost of physician services, were about 6 percent higher in states that did not allow rates to vary for employees’ health status than in those that did. However, our analysis found that states prohibiting insurers from setting premiums based on health status did not have a higher proportion of high-risk individuals insured through small employers than states with more flexible restrictions.

To differing degrees, state laws restrict the variation allowed in small employers’ health insurance premiums. Two states—New York and Vermont—have adopted a premium restriction practice called community rating that essentially requires insurers to charge all small employers of the same size a common rate regardless of their employees’ and their dependents’ ages, health, or other demographic characteristics. In these

states, premiums are allowed to vary only for geographic location of the group, plan or benefit design, and family size. As of June 2000, 10 other states had adopted modified community rating laws that also prohibit variation in premiums based on the health status of employees, but may allow some variation for other factors. For example, Maryland allows premiums for small employers to vary only by limited amounts for age, geographic location, and family size.

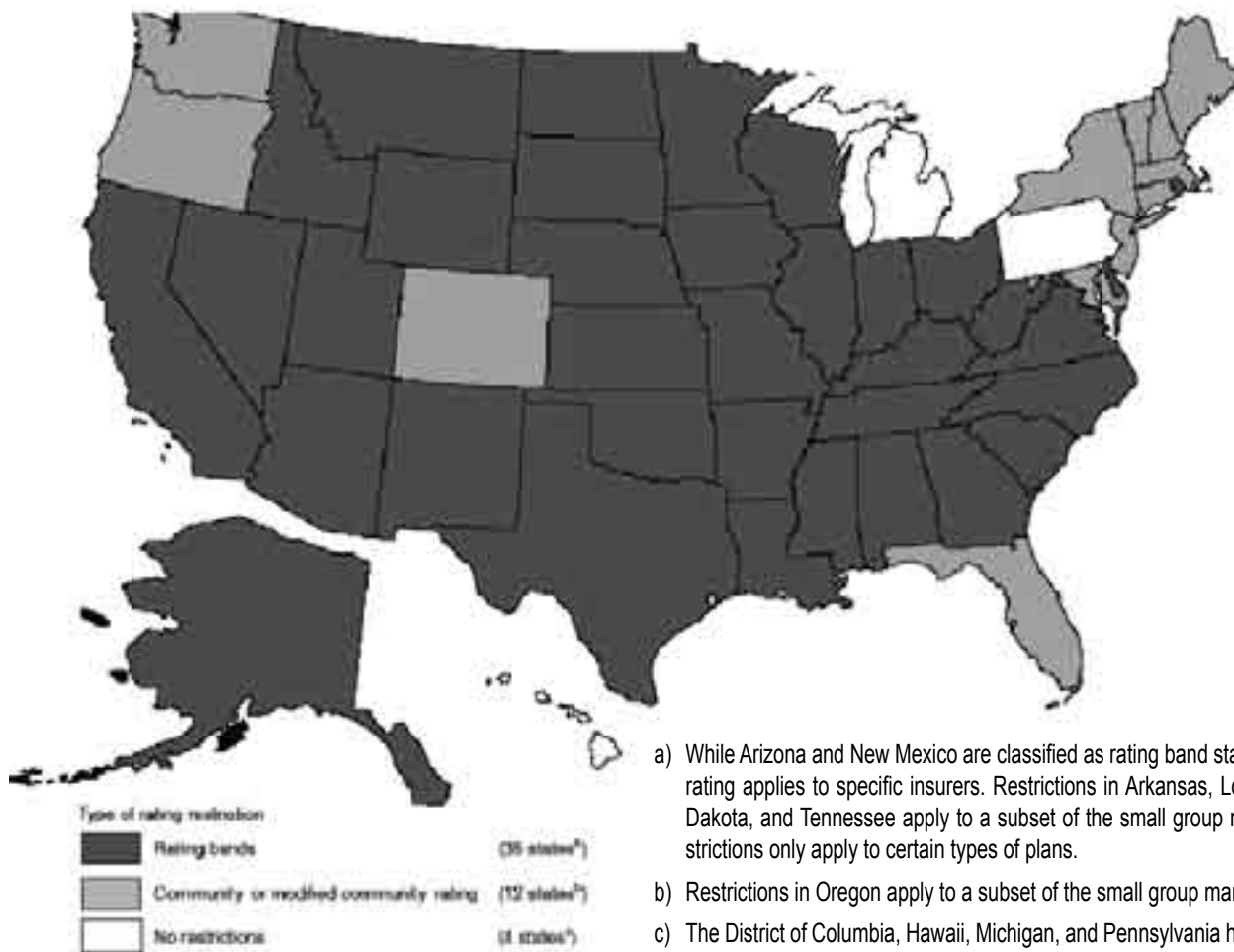
Most other states allow premiums to vary based on health as well as other factors, but restrict the degree to which variation is allowed; these restriction categories are called rating bands. In these states, insurers can charge higher premiums for small employers insuring employees with certain characteristics—such as older individuals, women of childbearing age, smokers, individuals in poor health, and employees

in certain industries—that are considered high risk or costly. However, the amount of variation is limited. For example, California allows insurers to consider age, family size, geographic area, and health factors when setting premiums, but limits the amount of variation for health factors to plus or minus 10 percent. Other states with rating bands allow much wider variation for health and other factors. For example, Texas allows factors such as age, sex, geography, group size, industry, and health to be considered in setting premiums, but limits the amount premiums can be adjusted for health to plus or minus 25 percent. As of June 2000, 35 states used rating bands when setting premiums. (See map)

To review the complete 43-page report, please visit the PAHU website at www.PAHU.org and click on the ‘Legislative Issues’ link.

STATES’ SMALL-EMPLOYER PREMIUM RESTRICTIONS, JUNE 2000

Editor’s Note: This is an excerpt from GAO Private Health Insurance October 2001 Report now available online at www.PAHU.org.

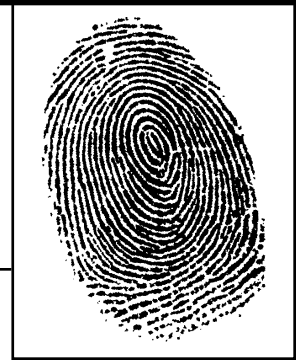


- a) While Arizona and New Mexico are classified as rating band states, modified community rating applies to specific insurers. Restrictions in Arkansas, Louisiana, Missouri, North Dakota, and Tennessee apply to a subset of the small group market, and Virginia’s restrictions only apply to certain types of plans.
- b) Restrictions in Oregon apply to a subset of the small group market.
- c) The District of Columbia, Hawaii, Michigan, and Pennsylvania had no market-wide rating restrictions. However, in Hawaii certain insurers use community rating; and in Michigan and Pennsylvania one insurer in each state uses community rating.

Source: Data from Georgetown University, Institute for Health Care Research and Policy, Washington, D.C.

Pennsylvania DOI Plans Fingerprint Expansion

Submitted by Vince Phillips, PAHU Lobbyist



The Pennsylvania DOI intends to expand fingerprinting to existing resident insurance producers sometime in 2005 as stipulated by Act 147 of 2002. This move will mean that producers will, at renewal time, be required to undergo a criminal background check with the FBI just as new licensees do now.

This move was detailed at a November 9 briefing for producer groups such as PA Surplus Lines Association, Pennsylvania Association of Insurance and Financial Advisors, and IA&B. Company trades were also present and included representatives from the Insurance Federation, PA Association of Mutual Insurance Companies, AIA, and the PA Fraternal Congress. Individual companies (such as Allstate, Nationwide, AFLAC) plus some Capital Hill staff from the House Insurance Committee rounded out the briefing.

This expansion results from the Department's ability to access digital scanning technology called lifescan to create a digital fingerprint image that is transmitted electronically between

the levels of law enforcement. The Insurance Department is cooperating with other state agencies in addition to the Pennsylvania State Police on implementing lifescan technology. The result would be to reduce delays from what the Department says is 27 days on average to 17 days.

A common complaint for new licensees was the delays associated with the fingerprinting procedure under Act 147. Under this law, Pennsylvania requires a fingerprint check through the PA State Police and the FBI for new licensees. The system proved cumbersome with the State Police requiring a separate payment using a certified check or money order for the background check – in addition to the \$55 initial licensing fee. Delays resulted from fingerprint cards being scanned in at several levels from hard copy resulting in a deterioration of the prints' integrity.

Another problem causing delays stemmed from use of the hard copy fingerprint card with problems found in smudges, staple marks, etc.

Armed with Lifescan technology, the Department believes it can radically shrink waiting time for the new licenses.

How The System May Work

According to Deputy Commissioner Ron Gallagher and Producer Services Director, Jack Yanosky, the new system will function this way.

- Existing producers will be required to undergo fingerprinting upon their renewal starting sometime in 2005. New producers will continue to undergo this background check per Act 147.
- Insurance Testing Centers will be utilized as most convenient points of contact for new licensees since an applicant who successfully passes the relevant exam can apply for the license AND submit digital fingerprints all at one time. The advantage is one credit card/debit card payment and the licensing process is set into motion.



Vince Phillips, PAHU Lobbyist, speaking on Health Insurance Public Policy at a Pittsburgh AHU Continuing Education event held on September 30.

- Existing licensees will renew online through **www.sircon.com** (or possibly through the National Insurance Producer Registry – NIPR – when the NAIC system capacity is upgraded). Once they receive verification that payment was received, they will need to go to one of the PA State Police facilities in order to utilize the Livescan technology to scan the fingerprints. The State Police and the FBI will then be able to check the fingerprints for any criminal history.
- Hard copy fingerprint cards will no longer be used for insurance licensing once Lifescan is operational.
- The fee for a fingerprint check will increase from the existing \$24 to \$39. This increase in the fee will go to the State Police since livescan requires a state check in conjunction with hitting the federal database, which is presently not run on the ink prints. It is not an Insurance Department fee. The Insurance Department does not receive any of the criminal background fees.

Consequence to Renewals

The Insurance Department expects issues of prior non-disclosure of convictions given research done with other states. Per the Department's experience with new applicants under Act 147 since June 2003, 26 percent received a 'hit' where the FBI found something. The 'hit' may be a crime that has been committed, an arrest was indicated, or a felony or misdemeanor or some other adjudication was on record. This triggers an Insurance Department review of the application.

Per Deputy Commissioner Gallagher, it's far better to fully disclose whatever may have happened in the past ahead of the criminal background check. As he put it, "It's not the kiss of death necessarily to have done something (*because the Department has a process to evaluate past transgressions*). The bottom line is simply, don't lie to the regulator!"

Improving the efficiency of the fingerprint/criminal background check is one part of the Insurance Department's drive to bring more use of electronic technology to the licensing process. With a lesser staff to licensee ration than most other major insurance states (*one staff person to 14,986 licensees*), the Department is seeking to go paperless as much as possible.

Examples of this campaign are an expansion of **www.sircon.com** to permit letters of certification, printing copies of licenses from a home computer, gaining a non-resident license through NIPR, and being able to check licensing / appointment / lines of authority status through Interactive Voice Response 877-336-7479.



A SUMMARY OF NEWS & RESOURCES

- PloS Medicine, an online medical journal launched in October, says that it plans to make medical research available free of charge through the Internet.
- The November election has caused the General Assembly ratio of Rs to Ds to change adding one Republican to each chamber with Republicans still commanding both Senate and House. The new ratios are 30R-20D in the Senate and House ratio of 110 (R)- 93 (D). (See complete article in this magazine)
- Kaiser Family Foundation announced that it has reformatted its state facts resource to provide better access to state-specific information on who the uninsured are and sorting by economic, age and economic level information. <http://www.kaisernetwork.org>.
- The Pennsylvania DOI intends to expand fingerprinting to existing resident insurance producers sometime in 2005 as stipulated by Act 147 of 2002. This move will mean that producers will, at renewal time, be required to undergo a criminal background check with the FBI just as new licensees do now.
- The Pennsylvania Health Underwriter Magazine recently released an interactive version of its bimonthly publication online. While the new online version provides PAHU members the ability to comment on each article it also provides RSS syndication opportunities to anyone who monitors news affecting the health insurance industry. Readers may access the online publication through the PAHU website at: <http://www.pahu.org>.
- The Council for Affordable Health Care issued a report suggesting that long-term care costs and anticipated baby boomer demand has put the Medicaid LTC system in danger of collapse.

Pennsylvania State Election Review

The General Assembly ratio of Rs to Ds has changed to add one Republican to each chamber with Republicans still commanding both Senate and House. The new ratios are 30R-20D in the Senate and House ratio of 110 (R)- 93 (D). The only open Senate seat is being vacated by retiring Hal Mowery (R-Cumberland). House member Pat Vance, also a Republican, filled it.

Vance has sponsored numerous insurance bills and was a leader (with Democrat Todd Eachus) in crafting PACE legislation. She is also a proponent of modified community rating. Impact of the election means three open Senate seats (and special elections). Democrat Allyson Schwartz (Phila./Mont.) won a congressional seat. Republican Charlie Dent (Lehigh) also goes to Congress. Democrat Jack Wagner is the new Auditor General. Incumbent Alan Kukovich (D-Westmoreland) lost his bid for re-election. He has been one of the more liberal Senators, particularly on health insurance issues.

Some other races of interest to the Insurance Community were:

1. Successful re-elections of insurance producer legislators, Senator Don White (R-Indiana), Representatives Tom Killian (R-Delaware), Mark Mustio (R-Allegheny), Dan

Frankel (D-Allegheny), and Joe Markosek (D-Westmoreland).

2. Defeat of Erie Democratic incumbent Tom Scrimenti. Scrimenti's family is in the insurance business and he has been a centrist voice within the Democratic Caucus on small group reform.
3. Victory by incumbent Sue Cornell (R-Montgomery) over insurance producer and former PAHU legislative chairman Democrat Ross Schriftman. This was the only race (besides incumbents) where an insurance producer was running for the General Assembly.

On the House side, Republicans won open seats held by Democrats in Butler and Franklin Counties and retained Republican control of open seats in Perry and Armstrong Counties. Democrats retained a Beaver County seat in an open contest. Perhaps more significant are the Democratic Party wins in Montgomery County where Republicans lost Ellen Bard's open seat to Josh Shapiro, Rep. Hoeffel's chief of staff. They also lost another open race in Montgomery County and failed to retain incumbent Rep. Melissa Murphy Weber. Even though the party ratio only changed by one, the next session of the legislature will see significant changes.

NAHU BOARD OF TRUSTEES

PHOTO OPPORTUNITY?



The NAHU Board of Trustees and legislative staff stop briefly for a photo after a meeting with the President's senior policy advisers at the White House Executive Office Building. First row, left to right: David Fear, RHU; John Green; Stephen Dodder, CLU; Elizabeth Ashmore; Lori Headley; Robin Bennett, RHU; Charles Gartlan, CLU, RHU; and NAHU President Trei Wild. Second row, left to right: Janet Trautwein; Kevin Corcoran, CAE; John Nelson; Doug Badger, Sr. Presidential Advisor; Mark Shaffer, RHU; Scott Leavitt; Steve Selinsky; Russ Childers, CLU, ChFC; and Michael Gray, RHU.

A Real Marketplace of Ideas



Submitted by Vince Phillips, PAHU Lobbyist

On October 8, 2004, member Jeff DeMatteo from Lebanon and PAHU Legislative Chairman Bill Raab from Bucks County came to Harrisburg to meet with key staff responsible for formulating legislative responses to increasing insurance premiums and the increasing numbers of the uninsured. Among the visits were conversations with John Zimmerman, executive director of the House Republican Policy Committee, and Steve DeFrank, executive director of the Senate Democratic Policy Committee.

2004. Instead, it has been built over time, visit-by-visit, conversation-by-conversation.

Consider... Ross Schriftman educates Senate Democrats on why HSAs will help the middle class... *Bob Fountain spends quality time with a Luzerne County legislator who the House Democratic Caucus regards as its go-to guy on health insurance*... Doug Moore testifies on HSAs before a hearing con-

continued on next page

What were some of the things discussed?

(PAHU POSITION)

- Should PA require employers to have health insurance as California does? **(NO)**
- Should there be a risk pool established in PA? **(YES)**
- Who are the uninsured? Is it a media-driven monolith or can it be broken down into specific parts requiring specific solutions? **(LOOK AT THE PARTS)**
- Should PA enact legislation bringing state tax advantages to HSAs? **(YES)**
- Should we have a moratorium on state mandates? **(YES)**
- Should a separate Office of Consumer Advocate for Health Insurance be established? **(NO)**
- Should insurance agents be able to market CHIP since it acts as the insurer of last resort? **(MAYBE)**
- Should PA establish a "pool" of state agencies to achieve economy of scale in buying health insurance? **(DUBIOUS BECAUSE THE CLAIMS DON'T GO AWAY JUST BECAUSE YOU CONSOLIDATE VARIOUS PLANS)**
- Should PA establish tax credits to encourage small businesses without health insurance to offer it? **(YES)**
- Should PA address costs in health care by disease management and obesity programs? **(NO POSITION)**

Wow! And that's just one day in Harrisburg.

This is truly a marketplace of ideas. The General Assembly knows it must grapple with these problems. PAHU was happily able to provide input and reaction to some of these ideas.

PAHU has built its presence on the Hill to the point where our Association is seen as a resource in shaping public policy. This has come about not just because of one visit in October



PAHU APPOINTS 2005 EDITORIAL BOARD

Pennsylvania Health Underwriter Magazine

The Pennsylvania Association of Health Underwriters recently appointed the following members who volunteered to serve on the 2005 Pennsylvania Health Underwriter magazine's editorial board. PAHU Past President **Mark Shaffer** will continue to serve as the editor. The new appointees to the board were **Doug Moore** (*Pgh-AHU*), **Vince Phillips** (*CPAHU*), and **Deb Wilkinson** (*CPAHU*), who will all serve as associate editors for the magazine.

If you have any ideas or content for consideration in the upcoming issues please contact any member of the editorial team with your suggestions.

Mark Shaffer, Editor

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Deb Wilkinson, Associate Editor

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vened by House Republicans. His presentation is so informational that the Policy Committee Chairman invites Doug into Harrisburg for a private follow up meeting...*Pittsburgh AHU meets for lunch with Rep. Mike Turzai, the architect of House-passed tort reform...* Chub Neiman gets articles on Mandated Benefits published in several business journals around the state that are read by legislators...*GPAHU has an informal luncheon with Senator Stewart Greenleaf (R-Montgomery) before its summer golf outing...* PAHU is invited to Sen. Rob Robbin's student government seminar in Mercer County to help him explain to students how government works...*A legislator asks a long-term care insurance question of a PAHU member and it is answered...* Jack Bransom testifies before the House Health and Human Services Committee...*Tom Link educates legislative staff on who the uninsured are...*

Each of these things is incremental. Collectively, they add to the PAHU presence and supplement established programs like the Briefing for Staff in Harrisburg, our annual Day on

the Hill in Harrisburg, and our National Capitol Conference in Washington.

The important thing is to see that PAHU members make a difference because they choose to educate legislators and staff. Just as an insurance customer needs to better understand how insurance works, a legislator or staff person does too. Often, this educational process extends itself over time. Insurance literacy does not happen overnight.

Many ideas sound great during legislative debate but have unanticipated consequences such as "business crowd out" that erode the private sector delivery system of health insurance. Most legislators and staff do not have a functional understanding of health insurance. They react to small business complaints about escalating premiums or from employees who lost their health insurance and try to address the symptom through a subsidy program but don't look at the cost drivers that force up the costs that lead to the price sticker shock.

MAKING A DIFFERENCE



CPAHU Member and Legislative Chair Jeff DeMatteo (right) of Mid-State Insurance Services of Lebanon, PA, recently presented a HUPAC check when he met with Congressman Joe Pitts (R, PA-16) to discuss health care issues. Jeff discussed how Association and Single Payer Health Plans would impact health insurance agents, brokers, and the entire industry. During their discussion, the Congressman also indicated that legislation concerning Medical Malpractice Reform would be a big consideration in the next Congress.

Over the years PAHU has established itself as a resource but we can in no way take comfort in this because most legislators still have not been exposed to a PAHU member taking the time to educate and nurture him or her into a better understanding of how insurance works. Keep in mind that there are changes in the General Assembly every two years with retirements and election outcomes. This means that there are always new legislators who need to be brought up to speed.

Keep in mind the consequence of a legislator who does not understand insurance. He or she will get input from somewhere else that may be injurious to our industry and to your clients. That warrants your taking the initiative to start your legislator's educational curve doesn't it? PAHU will be happy to train you when you make this cold call.

You may have sold insurance, but may not have realized your importance in this particular marketplace of ideas.



WHAT IS HUPAC?

HUPAC is NAHU's political action committee. It is the expression of our First Amendment rights to free speech and association guaranteed under the Constitution. Such political expression has become far more than a useful option for professionals in a heavily regulated business like the health insurance industry; it has become a necessity. HUPAC is registered with the U.S. Federal Election Commission. Since NAHU and similar organizations are prohibited from making political contributions, HUPAC was created to allow contributors to combine their financial support to a candidate to achieve maximum effect.

Why is HUPAC necessary? Few other industries are as heavily regulated as health insurance. Therefore, your success, and that of your clients, is directly dependent upon the actions of Congress. It is absolutely critical that we help those members who are willing to consider our point of view in support of private sector health insurance.

To whom does HUPAC contribute? HUPAC contributes to majority and minority party candidates, incumbents and challengers alike. Because it is non-partisan, it does not represent the interests of any political party.

Who can contribute to HUPAC? Only NAHU members, their families and staff can contribute to HUPAC. Clients of NAHU members may not contribute to HUPAC. All donations must be made by individuals—FEC regulations prohibit PAC contributions by companies.

How can I contribute to HUPAC? You can contribute in two ways. First, HUPAC can accept contributions on a personal checking account or credit card. Also, contributing by bankdraft allows you to spread your contribution across the year.

How does the HUPAC Bankdraft program work? The bankdraft program is used successfully by other insurance industry PACs, and may be the easiest way for NAHU members to participate in HUPAC. The individual sends HUPAC a voided personal check and the completed Bankdraft Authorization Agreement found in this brochure. NAHU will arrange with the member's bank for monthly draws from that personal checking account only in the amount authorized by the contributor.

Which is better? That depends on the individual. While we welcome financial support at any time, we strongly urge the use of bankdraft because it provides HUPAC with a steady, predictable stream of income important for planning future expenditures. It is also easier on the contributor because the money donated is small enough that it is not a deterrent to giving, but large enough that, at the end of 12 months, a \$10 monthly contribution is a meaningful source of support.

How else can I contribute to HUPAC? Typically, throughout the year HUPAC has other opportunities for giving at the Capitol Conference, Annual Convention and state chapter and association meetings.

How much can I contribute to HUPAC annually? Under federal law, NAHU members can contribute up to \$5000 annually to HUPAC.

How does HUPAC decide on contributions? Decisions are made by vote of the HUPAC Board of Trustees, appointed by the NAHU president. Candidates for HUPAC contributions are evaluated on a variety of factors, including: recommendations from NAHU members; support of NAHU policies; accessibility to our members; willingness to learn; and congressional committee responsibilities; among others.

I support my own candidates. Why should I support candidates in other states? We encourage contributions to individual candidates. Because it has a national presence, however, HUPAC is in a position to know of other opportunities where its support can influence a campaign or meet several other objectives. Furthermore, when we give together we have a much stronger voice.

Can HUPAC make contributions to candidates for state office? No. Because HUPAC is registered with the Federal Election Commission, it is prohibited from making contributions to state candidates. State association PACs, however, may contribute to state candidates.

CONTRIBUTE TO HUPAC TODAY! A CONTRIBUTION FORM CAN BE FOUND ON THE NEXT PAGE!



HUPAC

2000 North 14th Street, Suite 450
Arlington, VA 22201
(703) 276-3805
(703) 841-7797 (fax)

Health Underwriters Political Action Committee Contribution Form

Along with our lobbying and “grassroots activities”, HUPAC is a critical element of NAHU’s legislative program. By supporting challengers and members of Congress willing to consider our point of view, HUPAC increases the credibility and clout of our work on Capitol Hill.

HUPAC’s bipartisan donations target those candidates who demonstrate their support for a free market health care system and employer-based health insurance. We can only succeed if HUPAC has the necessary resources – contributions from you and your colleagues around the country.

There are two ways that you can make contributions to HUPAC. You can make a contribution by personal check/credit card or through our monthly bankdraft program. Through the HUPAC bankdraft program – your contribution will be spread out over the course of the year. By contributing \$10.00 a month for example, you will be contributing \$120.00 annually, thus providing a steady stream of support throughout the year.

Help HUPAC help you: *Because If You Won’t – Who Will?*

_____ I want to make a \$ _____ contribution to HUPAC by check / credit card
(please circle one)

_____ I want to make a \$ _____ monthly contribution to HUPAC by bankdraft: *(Please include a copy of a voided check with this form.)*

Bankdraft Authorization Agreement

I (we) hereby authorize HUPAC to initiate debit entries to my (our) account named at the bank below, hereinafter called BANK. This authority is to remain in full force and effect until BANK has received written notification from me (or either of us) of its termination in such time and in such manner as to afford BANK at least 3 days prior to the scheduled for charging the account. A customer also has the right to question BANK about any debit entry by notifying BANK no less than 60 days after BANK sends a statement to customer containing the entry. BANK will handle all such questions in accordance with its procedures and the requirements for resolving errors found in Regulation E issued by the Federal Reserve Board.

Name (as it appears on the check/credit card)

Signature

Credit Card Account Number

Visa/Mastercard/Amex

Exp. Date

Donations Must Be Made From Personal Accounts Only
No Corporate or Business Checks or Credit Cards Accepted

Please complete this form and send payment to:

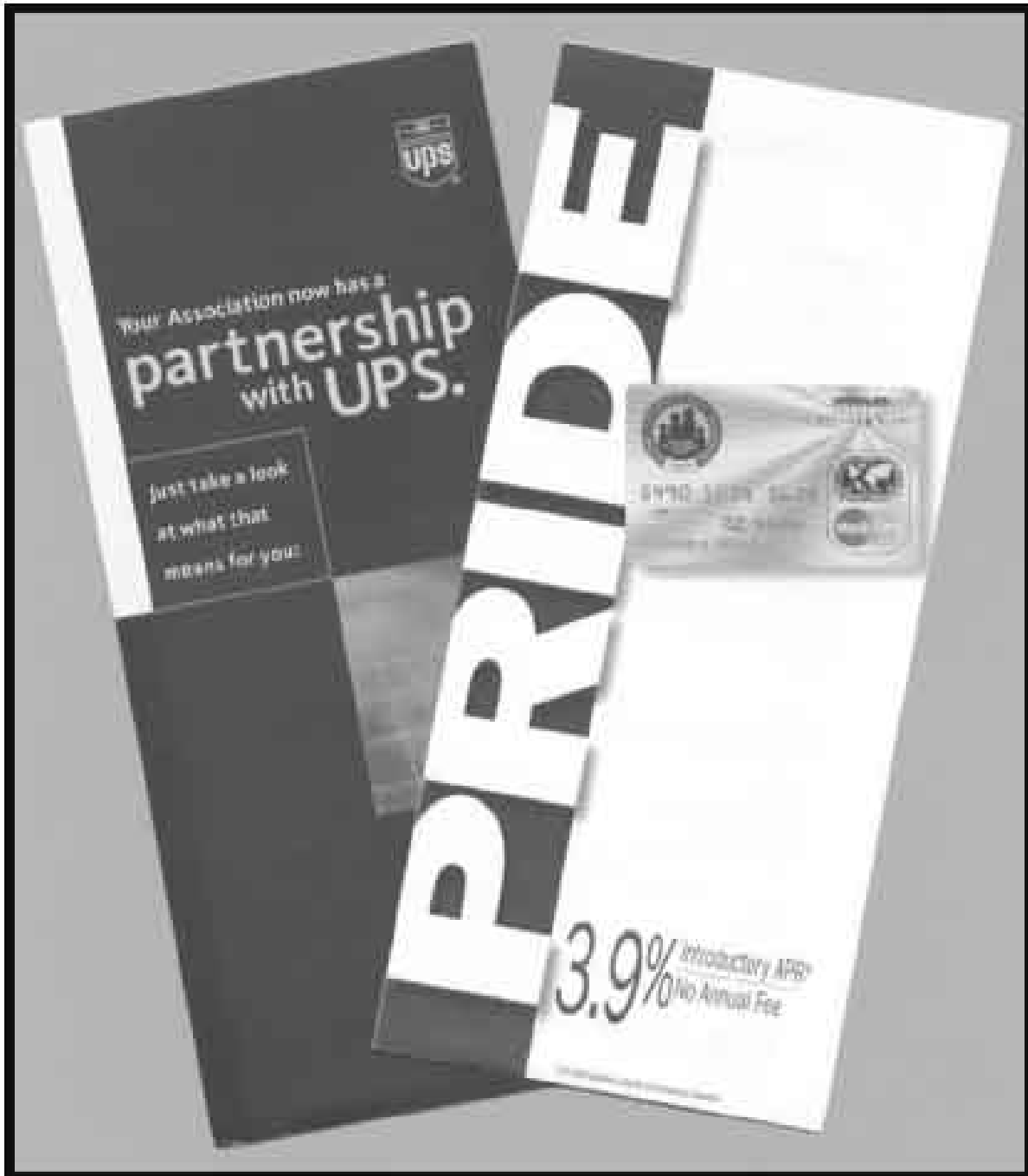
NAHU-HUPAC
C/O Tom Bruderle
2000 North 14th Street, Suite 450
Arlington, VA 22201
Phone - (703) 276-3805 Fax – (703) 841-7797 Email – tbruderle@nahu.org

Contributions are NOT tax deductible for federal income tax purposes.



NAHU Affinity Program

PAHU Members may now take advantage of two new programs from our partners at United Parcel Service and MBNA



For detailed information, visit the PAHU website at www.pahu.org, or call Brooke Wilson at 703-276-3812.



Introducing The President's Triple Crown Program

NAHU has nearly 19,000 members across the country; you are the reason we exist. Your participation in lobbying and advocacy are the reason we've become a force in Washington and in statehouses across the country; your recruitment efforts are why membership is up 33% over the past five years; your contribution of your time and talents is why we have over 200 chapters across the country.

We never want to take these efforts for granted because, without you, we would suffer the fate experienced by countless other nonprofit associations: declining membership, shaky finances and a demoralized membership.

To this end, NAHU has created the President's Triple Crown Program to recognize those members whose individual contributions to NAHU help advance the association's mission. Like baseball's Triple Crown, it recognizes accomplishment in three key areas. However, while baseball's Triple Crown hasn't been won since 1967, NAHU's Triple Crown can be won every year by hundreds of our members.

Criteria:

To qualify for the Triple Crown, a member, within the calendar year, must:

- | | |
|--------------------|--|
| HUPAC: | Participate in the \$10 x 12 draft program or contribute \$150 total |
| Membership: | Recruit at least two new members |
| Advocacy: | Use Operation Shout to send at least three messages per year |

One, two, three – it's that simple!

Recognition:

Members who meet these criteria will be recognized in a variety of ways, including a unique "President's Triple Crown" lapel pin to be presented at a local chapter meeting, special ribbons at the Capitol Conference and Annual Convention, and recognition in *HIU* magazine, on NAHU's website and through press releases sent to qualifiers' local newspapers.

Individually, the Triple Crown accomplishments are not difficult to do, but together they help reinforce NAHU's position as America's premier association for health and employee benefits professionals. Dozens of NAHU members would have qualified for this award in 2003, and we look forward to recognizing these members, and many more, in 2004.

So join the ranks of Mickey Mantle, Ted Williams, Secretariat and Seattle Slew: Be a Triple Crown winner for NAHU.