

COMMONWEALTH OF PENNSYLVANIA

HOUSE OF REPRESENTATIVES

INSURANCE COMMITTEE

\* \* \* \* \*

IN RE: HEALTHCARE REFORM PROPOSAL

\* \* \* \* \*

BEFORE: ANTHONY M. DELUCA, Chairman  
Representative Cathy Watson, Member  
Representative Marguerite Quinn, Member  
Representative Anthony J. Melio, Member  
Representative Vince Biancucci, Member  
Representative Rick Taylor, Member  
Representative Josh Shapiro, Member  
Kathy McCormac, Member

HEARING: Monday, August 11, 2008  
Commencing at 1:06 p.m.

LOCATION: 1001 Stump Road  
Montgomeryville, PA 18936-9605

WITNESSES: Rosemarie Greco, Paula Robinson, Eloise  
Mullen, Scott Crane, James A. Goodyear,  
M.D., F.A.C.S., Mark Stier

Reporter: Brian D. O'Hare

Any reproduction of this transcript  
is prohibited without authorization  
by the certifying agency



E X H I B I T S

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

<u>Number</u>	<u>Description</u>	<u>Page</u> <u>Offered</u>
---------------	--------------------	-------------------------------

NONE OFFERED

## P R O C E E D I N G S

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

-----  
CHAIRMAN DELUCA:

Good afternoon, ladies and gentlemen.  
We're going to be calling this meeting to order. And  
before we start, I would like to have the members  
introduce themselves. And I'll start from my left.  
Cathy?

REPRESENTATIVE WATSON:

Thank you, Mr. Chairman. My name is  
Cathy Watson. I represent the 144th Legislative  
District, which is a portion of Bucks County, albeit  
the best portion of Bucks County. Thank you.

CHAIRMAN DELUCA:

How about that, huh? Okay.

REPRESENTATIVE QUINN:

How about that? I'm Marguerite Quinn,  
and I represent the 143rd District. It's a portion of  
Bucks County. In deference to my colleague, I'll keep  
my mouth shut about ---.

REPRESENTATIVE MELIO:

And I'm the other guy from Bucks County.  
Tony Melio representing the 141st Legislative  
District, and it's all of Bucks County. And I just  
wanted to commend Chairman DeLuca for having this

1 hearing. This is regarding an important issue to my  
2 constituents. And there's so many that have no  
3 healthcare at all and who have no means of paying for  
4 that. And as you may know, both presidential  
5 candidates have this as one of their top issues. Our  
6 governor has Cover All Pennsylvanians, and I'm sure  
7 Rosemarie will tell you all about that. And I think  
8 it's very important that we're here. And thank you,  
9 Mr. Chairman.

10 REPRESENTATIVE BIANCUCCI:

11 I'm Representative Vince Bianucci from  
12 the 15th Legislative District in Beaver County. And I  
13 would like to thank Representative Taylor for inviting  
14 us here so we can get a different perspective. We've  
15 had these hearings across Pennsylvania, and now we get  
16 an opportunity to see what the people in this area and  
17 how they feel about healthcare issues. So again,  
18 Representative Taylor and you, Representative DeLuca,  
19 thanks for having us here.

20 CHAIRMAN DELUCA:

21 I'm the Joint Chairman, Tony DeLuca, from  
22 Allegheny County. I represent the 37th Legislative  
23 District. And before I make my remarks, I would let  
24 the other members introduce themselves. To my right  
25 is my Executive Director, Rick Speese. And

1 Representative Taylor?

2 REPRESENTATIVE TAYLOR:

3 I'm Rick Taylor, State Representative for  
4 151st District, which is right here where you're  
5 sitting, Montgomery County, Eastern Montgomery County.  
6 And I'm very pleased to have the Insurance Committee  
7 here. Thank you for taking some time today. It's a  
8 very important issue in my district. I've heard from  
9 many, many residents and many, many constituents who  
10 are very concerned about being able to afford  
11 healthcare. It is on the top of my head and probably  
12 one of the top issues we need to tackle, because there  
13 are too many people who are doing their part and that  
14 are unable to afford healthcare. And there are too  
15 many small businessmen and women who are doing their  
16 part, and yet they're finding it harder and harder to  
17 take care of their employees. So we really need to  
18 act on this legislation as quick as possible. And,  
19 again, thank you for having it here in this district.

20 REPRESENTATIVE SHAPIRO:

21 Thank you, Chairman DeLuca. I'm  
22 Representative Josh Shapiro. I'm pleased to be here  
23 today and to support the good work that Representative  
24 Rick Taylor has been a great leader of on healthcare  
25 reform and the drive to get that done. And I thank

1 you, Rick, for your leadership and Chairman DeLuca for  
2 meeting here.

3 CHAIRMAN DELUCA:

4 Kathy?

5 MS. MCCORMAC:

6 Hi. I'm Kathy McCormac. I'm  
7 representing Representative Micozzie, the health  
8 insurance committee and the executive director.

9 CHAIRMAN DELUCA:

10 And Lisa Kubeika is one of my staff. Let  
11 me just before I start out, mention the fact that I  
12 was contacted by the Republican Chairman,  
13 unfortunately he had a conflict, and he couldn't be  
14 here today, Representative Micozzie from Delaware  
15 County. And the fact that he has been working with  
16 this committee bipartisanly. We've been working  
17 together on healthcare. And I just want to mention  
18 that he had gave me a call yesterday pertaining to the  
19 fact that he'd love to be here today, but  
20 unfortunately due to a conflict, he could not be here.  
21 Again, good afternoon, ladies and gentlemen. As I  
22 said, I want to welcome all the members here and  
23 welcome the audience to this hearing today on the  
24 subject of healthcare. Again, I would like to thank  
25 Rick Taylor for hosting our hearing today in

1 Montgomeryville and to thank the folks here in  
2 Montgomeryville Township for graciously allowing the  
3 committee to meet in this beautiful township building.

4           Since the governor announced this  
5 healthcare reform proposal a little over 18 months  
6 ago, this committee has had 11 hearings on the  
7 proposal. We traveled throughout the state and heard  
8 testimony from a wide range of citizens and interested  
9 parties. We spent a good part of 2007 listening and  
10 learning from the people of Pennsylvania regarding the  
11 state of healthcare coverage in our Commonwealth.  
12 Having gathered significant feedback from all corners  
13 of the state, we began to advance an aggressive  
14 healthcare policy agenda in the House. Significant  
15 progress has been made controlling costs by enacting  
16 the most comprehensive legislation in the country  
17 dealing with the prevention of healthcare-associated  
18 infections in our care facilities.

19           I want to mention the fact that on this  
20 piece of legislation, this committee played a very  
21 important part bipartisanly of the House to get this  
22 bill enacted. It's one of the best in the nation, and  
23 other states had took our legislation and are now  
24 looking to enact some of it themselves. This  
25 legislation was signed by the governor on July 20th,



1 2007. We will save billions in wasted healthcare  
2 dollars by preventing hospital-acquired infections,  
3 and more importantly, we'll save the lives of our  
4 fellow citizens.

5           And just let me say this to you. Two to  
6 four people in the Commonwealth of Pennsylvania today  
7 die from a hospital-acquired infection. That is  
8 totally uncalled for. If we had a disease that was  
9 killing two to four people a day, we would try to find  
10 a cure. We don't need to find a cure. All we need to  
11 do is put systems in place. And what we have done in  
12 this legislation hopefully will cut down on the  
13 tragedies that are happening in our hospitals to our  
14 fellow citizens.

15           We also passed numerous measures which  
16 expanded the scope of practice for less expansive  
17 providers such as physician assistants and nurse  
18 practitioners. We enacted a state-wide smoking ban,  
19 and most recently mandated insurance coverage for the  
20 treatment of autism and for colorectal cancer  
21 screening.

22           Although much has been done, there is  
23 much more to do. The House in March passed a  
24 comprehensive coverage plan to cover the uninsured in  
25 Pennsylvania, Senate Bill 1127, Access to Basic Care

1 Plan. The bill is now in the Senate along with House  
2 Bill 2005, which I sponsored, which provides for small  
3 group rating and reform, which is a critical component  
4 of any insurance reform proposal. I believe it's time  
5 we prohibit medical underwriting in the small group  
6 market where a small business is only one heartbeat  
7 away from losing their health insurance coverage.  
8 House Bill 2005 does this among other important  
9 provisions designed to give the Insurance Commissioner  
10 more power to review health insurance rates, increase  
11 written requests from the insurance industries. And,  
12 by the way, do we really want to be one of the only  
13 three states without small group --- we do not want to  
14 be one of the only three states without small group  
15 rating reform. But today we are. So here we are  
16 today to keep the focus on the need expressed to us  
17 over and over again throughout the past year by  
18 Pennsylvanians of all political persuasions that they  
19 need and want action now to assist their fellow  
20 citizens in becoming insured. I look forward to  
21 hearing the testimony we will receive today and want  
22 to thank all those who will be testifying. Be assured  
23 we will take your thoughts and ideas to heart when we  
24 return to session in September. Again, I want to  
25 thank Representative Taylor for hosting this very

1 important agenda, healthcare throughout this county  
2 and certainly in this state. And our first testifier  
3 will be Rosemarie Greco, who is from the governor's  
4 healthcare reform office. Rosemarie, I want to thank  
5 you for all your hard work and advocating and moving  
6 the healthcare proposal throughout the Commonwealth.  
7 And welcome here today.

8 MS. GRECO:

9 Thank you, Chairman DeLuca and thank you,  
10 members of the committee and others for being here  
11 today. It is a pleasure to be with you once again. I  
12 would note that this committee under the leadership of  
13 both Chairman DeLuca and Chairman Micozzie has  
14 undertaken the critical issue of healthcare insurance  
15 and small group insurance reform steadfastly and with  
16 great persistence for the past two years. And I, for  
17 one, want to express to you on behalf of the  
18 administration and the governor appreciation for your  
19 focus and your persistence and your commitment.

20 Each of you in your own way has brought  
21 to the table not only your sense of accountability but  
22 your experience from each of your counties, the  
23 stories that you've heard from your constituents and,  
24 most critically, raise questions, important questions,  
25 about the most important issues related to healthcare.

1           Healthcare is such a personal issue. It  
2 really does reside in everyone's home and in  
3 everyone's workplace. It's the concern that everyone  
4 has about when they will need it, what they will need.  
5 And, in fact, those of us with insurance, if we need  
6 healthcare will we have access to the best quality.

7           I am going to go briefly through a status  
8 report for Prescription for Pennsylvania, and I'd be  
9 most appreciative of your questions, and I will  
10 respond to the best of my ability. If I am unable to  
11 answer a question specifically, my commitment is that  
12 you'll have that answer in the next 24 hours. So let  
13 me begin by taking you through this very brief  
14 PowerPoint presentation. Members of the audience have  
15 it as well. If not, we will get one to you. Please  
16 raise your hand.

17           Those of you on this committee know well  
18 that the governor is very focused on Prescription for  
19 Pennsylvania, which is the name of his integrated set  
20 of comprehensive approaches to approving the access to  
21 healthcare, improving the affordability of healthcare  
22 and definitely focusing on the quality of healthcare  
23 delivery. Why access, affordability and quality when  
24 most people talk about, in essence, the cost of  
25 healthcare, and those with or without insurance talk

1 about the number of the uninsured? We have been told  
2 by the President Bush administration and the  
3 leadership of Health and Human Services in Washington,  
4 by many of the national experts on healthcare issues  
5 cost of insurance, cost of delivery. We have been  
6 told that accessible, affordable, quality healthcare  
7 is indeed interchangeable, and so the governor's  
8 Prescription for Pennsylvania has been applauded  
9 because it does not focus only on the uninsured. It  
10 focuses on the drivers of healthcare costs and  
11 identifies the critical issues, the root causes of the  
12 rise in that cost. That is what Prescription for  
13 Pennsylvania is all about. Members of the committee  
14 are very familiar with all of its initiatives. And  
15 for those present here today or listening in, I would  
16 urge you to go to [rxforpa.com](http://rxforpa.com), and there you will find  
17 the particulars and the specifics of all the  
18 initiatives as well as a status report, a report card,  
19 if you will, on the governor's proposal.

20                   Let me take you through this quickly.  
21 And on the very --- the second sheet you have what has  
22 become a familiar icon in Harrisburg and throughout  
23 the state as the governor has traveled from county to  
24 county for the last two years talking about the  
25 inter-effectiveness of quality, affordable, accessible

1 healthcare and the fact that we need to identify the  
2 cost drivers to contain them and hopefully to drive  
3 them down. Mr. Chairman, you noted many of the  
4 initiatives that we have on page three that we have  
5 also highlighted, but there are at least 30 other  
6 initiatives that are either through to completion or  
7 in process. There is as you said, Mr. Chairman, a lot  
8 of work to do. But here on the terms of scope of  
9 practice the health-associated infections, chronic  
10 care, the indoor smoking ban and long-term living, you  
11 know, what is intrical to healthcare delivery in  
12 Pennsylvania are the demographics of Pennsylvania.  
13 And we are the second oldest state by population in  
14 the county. We have very many Pennsylvanians who are  
15 dependent on living out the rest of their life based  
16 on state funding and federal funding.

17           We also know that these individuals who  
18 do not have the money to go into nursing homes and to  
19 pay for it on their own or to go into assistant living  
20 centers and who qualify for state and federal aid have  
21 as much right as anyone else to live their lives in  
22 dignity and to live their lives as close to the  
23 community or in their homes if it is at all possible.  
24 And the work that has been done and is being done on  
25 long-term living is critical to a significant

1 percentage of the population of Pennsylvania. And  
2 those dollars are being appropriately redirected to  
3 keeping people in their home with proper care in a  
4 safe environment for as long as that is possible for  
5 them. We hear a lot about the uninsured in the  
6 country. And to your point, Representative Melio, the  
7 presidential candidates are talking about the state of  
8 the uninsured in the United States. And more and  
9 more, I believe we will hear from socioeconomists  
10 talking about the drain on productivity, gross  
11 national product and other economic measures because  
12 of the uninsured. And in addition, we will hear more  
13 about the fact that many employers can no longer  
14 afford to help pay for the insurance for their  
15 employees, and we're not talking about only small  
16 employers, small group, the definition of 2 to 50.  
17 We're talking about the larger corporations.

18                   We don't need to go very far into the  
19 business sections of any local or major national  
20 newspaper to find very large companies cutting back  
21 either on their retiree healthcare benefits or on  
22 their employer healthcare benefits. So when we look  
23 at the uninsured today, it is a dynamic picture. One,  
24 because every day it changes as it relates to who was  
25 insured, who is now uninsured. A few years ago in

1 2004, the Department of Insurance did a proprietary  
2 survey in Pennsylvania, and on page four, we can see  
3 the results of that. What we learned from the survey  
4 is that the significant majority of uninsured in  
5 Pennsylvania are employed, that they have income equal  
6 to or less than 300 percent of the federal poverty,  
7 which is \$60,000 for a family of four, and that the  
8 reason they don't have healthcare insurance is because  
9 they cannot afford it. We also know that 27 percent,  
10 at least four years ago, has been without health  
11 insurance for five years. This number is growing. We  
12 will have a clearer, more up-to-date picture of the  
13 uninsured in Pennsylvania by the fall of this year.  
14 Upon your return, we will be able to share it with  
15 you, because a new survey commissioned by the  
16 Department of Insurance, done by an outside group will  
17 have its work completed and we will have a summary as  
18 well as all of the in-depth research data ready for  
19 you to review. What we know right now is that the  
20 picture is bleaker, but the categories of people in  
21 terms of level of income, employed, et cetera looks  
22 pretty much --- pretty similar. But we don't have any  
23 final hard numbers just yet. As I said, we will  
24 shortly.

25 What about Montgomery County? You have



1 an individual handout for Montgomery County. This  
2 basically tells us as of 2008, what the picture is in  
3 Montgomery County. We know that Montgomery County is  
4 among the highest income per capita counties in the  
5 Commonwealth, and yet 5.3 percent of the population is  
6 uninsured. We know that from Montgomery County we are  
7 getting 150 new people every month added to the Adult  
8 Basic waiting list. Adult Basic for those of you  
9 present here today, of course the committee members  
10 know well, is a basic insurance package where  
11 individuals below 200 percent of the federal poverty  
12 level who have been without insurance have been  
13 eligible to apply, they receive a basic insurance  
14 package coverage. It does not include prescription  
15 drugs. We have right now about 52,000 people who are  
16 receiving healthcare insurance paid for entirely by  
17 state funds. Those funds include tobacco settlement  
18 dollars and also a fulfillment of the Blue Social  
19 Mission through Community Health Reinvestment dollars.  
20 We had many more people --- we had 3,613 people on the  
21 waiting list in January from Montgomery County, and in  
22 July we had even more than that.

23                   So you can see that even in one of the  
24 more wealthy counties in the Commonwealth, we have a  
25 growing waiting list for help with healthcare

1 insurance. You all made reference to some degree to a  
2 proposal that has come out of the House, which is  
3 Senate Bill 1137, though, it's --- again, for those in  
4 the audience it's a Senate Bill number, because the  
5 House took that bill and gutted and amended it is  
6 probably the appropriate description. And so it  
7 carries a Senate Bill title. And in that bill, the  
8 House made a set of changes to the governor's original  
9 proposal, which was Cover All Pennsylvanians, and you  
10 passed it at ---. What was it? 118.

11 CHAIRMAN DELUCA:

12 Something like that.

13 MS. GRECO:

14 Something like that with all --- with  
15 bipartisan support. And, in fact, it has gone to the  
16 Senate, and we are anxiously awaiting action on Senate  
17 Bill 1137. But what is the proposal that came out of  
18 the House in March? It's called ABC. It's a more  
19 expanded version of the current Adult Basic. It's an  
20 affordable basic health plan. It does include  
21 prescription drugs. It does include some behavioral  
22 health. The prescription drug inclusion, by the way,  
23 are generic prescription drugs with certain exclusions  
24 for non-generic for certain illnesses. And it would  
25 enable that Pennsylvanians that earn up to 200 percent

1 of federal poverty level and small low-wage employers  
2 of people 2 to 50, who also have an average salary  
3 that is equivalent to a federal poverty level amount,  
4 will have --- will be able to get health insurance  
5 with state and federal dollar subsidies. Anyone  
6 making less than 150 percent of the federal poverty  
7 level will pay nothing. 150 to 200 percent, they  
8 would pay either \$40 a month or \$50 a month. And in  
9 the case of a smaller employer if he or she offers  
10 this to their employees and pays a subsidy of \$150 a  
11 month towards the cost of the premium, then  
12 individuals in that small business who make above the  
13 200 percent of the federal poverty level would be able  
14 to buy it at cost. We know that there are many small  
15 businesses that employ a significant number of the  
16 uninsured. They are uninsured because of one of two  
17 reasons. One is that the employer is unable to  
18 provide a subsidy for the purchase of healthcare  
19 insurance. The other is that the employer may offer  
20 healthcare insurance, but the low-wage employee cannot  
21 afford their portion of the premium.

22                   What we heard from small businesses based  
23 on the governor's proposal to help small businesses  
24 with a state and federal dollar subsidy who did not  
25 offer healthcare insurance, what we heard was well

1 what about us, those of us who do, in fact, offer  
2 healthcare insurance and do pay a subsidy for our  
3 employees. And we heard in a very loud voice from the  
4 Chambers and the State Chamber particularly in  
5 representing small corporations, 2 to 50. And so the  
6 Senate Bill 1137 version that came out of the House  
7 made a very exceptional improvement over our plan by  
8 providing \$42 million to be set aside in Care Grants  
9 to those eligible low-wage small business that  
10 currently offer health insurance to help them cope  
11 with rising premiums. And that, indeed, is a very  
12 good enhancement.

13                   You hear a lot about universal  
14 healthcare. We've heard it all throughout the  
15 primaries from the presidential candidates. We hear  
16 it on talk radio. ABC is not universal healthcare,  
17 and it should not be confused with any version or  
18 interpretation of that. It's also not an entitlement  
19 program. It is not Medicaid. It is not Medicare.

20                   The only way that we would be able to  
21 offer state and federal dollars to help subsidize a  
22 small employer's ability to offer healthcare insurance  
23 to their employees or to help low-wage individuals to  
24 buy healthcare insurance is from the appropriation we  
25 would receive from the legislature. So if the

1 legislature were to appropriate \$100 million towards  
2 ABC and we receive a waiver approval from the federal  
3 government and they match those dollars, together with  
4 the monies we're currently using for Adult Basic, and  
5 that would be the tobacco settlement dollars and the  
6 Community Health Reinvestment monies, that's as much  
7 money as we would use to be able to provide healthcare  
8 insurance for Pennsylvanians. The big question on the  
9 table is where does the appropriation come from. And  
10 as you well know, that has been debated. There have  
11 been recommendations offered as to how to raise  
12 another \$120 million to support the coverage at the  
13 end of five years of well over a quarter million  
14 currently uninsured Pennsylvanians. And two such  
15 proposals deal with one, an additional ten-cent  
16 increase on cigarette taxes in Pennsylvania. And,  
17 two, taxing for the first time ever taking us out of  
18 the dubious distinction of being the only state in the  
19 country that does not tax cigars and smokeless  
20 tobacco.

21                   Those two taxes would generate, it is  
22 estimated, about another \$120 million, which would  
23 provide for the appropriation to ABC. However, as the  
24 governor has said, though he would appreciate those  
25 two tax increases being approved, he understands the

1 position that has been taken specifically in the  
2 Senate of no new taxes even though these taxes would  
3 be not a universal tax but a specific tax. One  
4 bringing us into the 21st century on cigars and  
5 smokeless. The question on the table is where does  
6 the \$120 million come from if not from those two  
7 taxes.

8           And let me just note that ABC is not a  
9 government provided healthcare program. It is not.  
10 It will be provided through the HMOs, which are  
11 subsidiaries of commercial insurers. So it is not a  
12 government-sponsored program. What do we need in  
13 order to get this done, and the last page basically  
14 notes three legislative actions that we need. One is  
15 the approval of Senate Bill 1137 which addresses not  
16 only the Pennsylvania Access to Basic Care, but also  
17 addresses the retention of physicians so that there is  
18 access to care by permitting the MCARE abatement and  
19 funding the MCARE abatement over a ten-year period and  
20 then taking the liability from the physicians and  
21 hospitals to pay down the unfunded tail. So that's in  
22 Senate Bill 1137.

23           In House Bill 2005, another critical  
24 piece of legislation awaiting review and approval to  
25 stabilize premium costs for the rest of us, for the

1 rest of us, those of us who have insurance and pay for  
2 it either as individuals or as an employee, for  
3 employers of all sizes by granting to the Insurance  
4 Commissioner the authority to review and approve  
5 rates. Commissioner Ario has that authority for our  
6 automobile insurance and our home insurance, but he  
7 doesn't have it --- didn't have it for our healthcare  
8 insurance. And then finally, reducing medical errors.  
9 Chairman DeLuca, you commented about the horrific  
10 effect on individuals and families who acquire an  
11 infection and who die from that infection. Those who  
12 die and those who remain in a hospital to be cared  
13 for, those who continued to be impaired because of it,  
14 there is not only a bodily effect, a family effect, a  
15 productivity effect, there is a real healthcare cost  
16 effect. We were able to size it a couple of years ago  
17 at \$3.5 billion in Pennsylvania each year.

18           The bill that is --- that you have  
19 sponsored and is criticality important, the HIA Bill,  
20 is being expanded now to yet another bill that you  
21 have sponsored, House Bill 2098, to reducing medical  
22 errors by allowing private insurance companies to  
23 refuse payment for never events. As you may have  
24 noted, Medicare is expanding their new approach to not  
25 paying for never events by adding additional events

1 for which if, in fact, it occurs and compromises a  
2 situation a person's health that is on Medicare, they  
3 will not pay for it.

4           So access, affordability, quality. I  
5 would just note that one of the major issues in  
6 driving up healthcare costs is the fact that  
7 individuals with a chronic disease, diabetes, heart,  
8 COPD, these individuals whether they're in  
9 Pennsylvania or in the country based on a national ---  
10 on national research from many sources are not  
11 receiving the kind of care that they need. And  
12 typically what happens is those with a chronic disease  
13 who are not receiving appropriate evidence-based  
14 protocol treatment, arrive in our emergency rooms.  
15 Usually they are not admitted. But the cost of  
16 treating them in the emergency rooms, whether they are  
17 insured or uninsured, drive up the costs for all of  
18 us.

19           We have a chronic care model  
20 implementation that is going statewide, a medical home  
21 based model of treatment, and we have initiated it in  
22 southeastern Pennsylvania. In September, it will be  
23 in southwestern Pennsylvania. It will be throughout  
24 the state at the end of 18 months. We'd be the first  
25 state in the country to have implemented this level of



1 care, changing how we reimburse physicians and CRMPs  
 2 and others. There are 32 participating practices in  
 3 southeastern Pennsylvania. Five of which are in  
 4 Montgomery County. And I would just note that those  
 5 individuals seem to be very happy with being engaged  
 6 in this crucial effort on changing the way treatment  
 7 is given to individuals with chronic diseases. So I  
 8 will end my testimony, and I will be happy now to  
 9 answer any question you may have.

10 CHAIRMAN DELUCA:

11 Thank you, Rosemarie. Great testimony.  
 12 Before I ask you the first question, I just wanted to,  
 13 for the public out there, this is going to be on PCN,  
 14 which I want to thank them for doing a great job on  
 15 behalf of the citizens of the Commonwealth of  
 16 Pennsylvania. They really cover state government and  
 17 people are getting more and more aware of it and I'm  
 18 happy to see them in Montgomery County. And I want to  
 19 thank them personally for a fine job they do in  
 20 informing the citizens of the Commonwealth of  
 21 Pennsylvania of things that are happening in their  
 22 Commonwealth.

23 I also want to state for the record here  
 24 that the fact that the governor's original proposal of  
 25 Cover All of Pennsylvanians, as we went throughout the

1 county here, had a payroll tax and to the governor's  
2 credit, this committee along with some of the other  
3 members of the House were against the payroll tax, and  
4 we did come up with this plan, and the governor was  
5 willing to compromise, so I want to commend him for  
6 his ability to compromise even though he felt  
7 wholeheartedly that we should have a payroll tax to  
8 Cover All Pennsylvanians. So I just want to put that  
9 on the record.

10                   And I also want to recognize our good  
11 friend, Scott Boyd, here from Lancaster County who's  
12 been working with this committee on a bipartisan basis  
13 and certainly the hospital infection great bill that  
14 he did was a compromise. And I want to personally  
15 thank Representative Boyd for his very important input  
16 in working with us on that bill to come up with one of  
17 the best in the country. And I thank you personally.

18                   Rosemarie, let me ask you this question,  
19 and I guess, you know, there's always two different  
20 ideas on a legislation. And so I want to ask you  
21 this. Why do you believe the ABC plan, if passed by  
22 the House, is better for the uninsured than the  
23 HealthNet Plan recently passed by the Senate  
24 Republicans? I mean, what is your feelings on that?  
25 And naturally they feel strongly on theirs, and so

1 maybe you can give us a little insight on how these  
2 plans differ and what's the advantages?

3 MS. GRECO:

4 Yeah. I thank you for that question.  
5 You know the Senate Republicans have focused on  
6 solutions as well to the many critical issues  
7 regarding healthcare and access and quality and  
8 affordability. The reason I believe that ABC, as well  
9 as all of the other components in Senate Bill 1137, is  
10 a much more effective approach to addressing the  
11 integrated drivers of healthcare costs and healthcare  
12 access falls into basically two categories. Number  
13 one, in HealthNet --- which legislation is still being  
14 drafted or is in the stage of drafting and the Senate  
15 Republicans introduced it broadly, so we still have  
16 some things we need to see. But I have more questions  
17 about it than I actually have answers. So in the  
18 testimony and in the introduction, they basically  
19 talked about using \$100 million to provide healthcare  
20 for a number of Pennsylvanians, like half a million  
21 Pennsylvanians. I find it very hard to translate a  
22 \$100 million expense into caring --- providing care  
23 for a half a million Pennsylvanians. And so we really  
24 need to get more clarity around their numbers model  
25 and what that care really looks like.

1                   Part of the explanation as to how that  
2 care would be provided is that the HealthNet Plan  
3 includes a project called Project Access. And what  
4 their intention would be is to connect about 160,000  
5 current uninsured Pennsylvanians to doctors and to  
6 other providers who will provide care for those  
7 individuals. And that care could and may be provided  
8 through the voluntary efforts of the hospitals and the  
9 physicians.

10                   It also includes in that \$100 million, an  
11 allocation of about \$45 million to a tax credit fund.  
12 The tax credit fund basically will provide tax credits  
13 to businesses, which are willing to make a  
14 contribution to a federally qualified health clinic so  
15 that clinic can treat more uninsured. Now, again, we  
16 need to see more about the numbers model and the  
17 rationale behind a number of businesses in  
18 Pennsylvania that would, indeed, qualify for this tax  
19 credit that would seek to make a contribution. And  
20 then the clinics would be able to take that money and  
21 use it to provide access to healthcare to the  
22 uninsured. That model to me is very complicated and  
23 has a lot of potential downfalls. It is basically  
24 putting the care of the uninsured into the realm of  
25 charity contributions that could be incentive by

1 receiving a tax benefit. And that's what I mean by  
2 complicated. It's too dependent on lots of moving  
3 parts.

4           The other part of it that we certainly  
5 need more clarity on is that I don't know how the  
6 uninsured who need certain kinds of treatment, certain  
7 surgeries or other protocols will receive that since  
8 the clinics will not be able to provide it whether  
9 you're insured or not. They're just --- they're not  
10 equipped. They don't have the capacity, et cetera.  
11 Another factor that gives me concern is a lot of  
12 clinics have a waiting list in order to treat who they  
13 have coming through their doors today, and they're  
14 having a tough time recruiting and retaining  
15 healthcare professionals. So if we put more volume  
16 through those clinics and believe that we will have  
17 dollars based on an unsure contribution flow of  
18 dollars, again, we need more explanation.

19           Probably the most distinct difference is  
20 that this proposal is focused on giving the uninsured  
21 access to care, and it's uncertain in terms of its  
22 ability to provide the care, to fund the care, et  
23 cetera. There is no second safety net in terms of all  
24 right, you're diagnosed, but now what happens when you  
25 need certain surgeries, certain treatments. And there

1 is also not the ability to get the kind of ongoing  
2 primary care. So funding, timing, the level of care,  
3 the completeness of care.

4 I contrast that with the House proposal  
5 of Pennsylvania ABC, which will provide for insurance  
6 for a quarter of a million people definitively,  
7 prescription drugs, et cetera. And also includes in  
8 it dollars for clinics, addresses the issue of access  
9 to physicians, because you're addressing the medical  
10 malpractice insurance costs. So that will go a long  
11 way to improving the retention of physicians. And I  
12 could draw some other comparisons, but let me stop  
13 there.

14 CHAIRMAN DELUCA:

15 So in other words, what you're saying is,  
16 if I understand you correctly, with the safety net not  
17 being here, we could be possibly adding more costs to  
18 the uncompensated care program? Is that a possibility  
19 since they're not going to have any access to certain  
20 surgeries and certain healthcare problems?

21 MS. GRECO:

22 Yes. And we need ---.

23 CHAIRMAN DELUCA:

24 So we're not going to let them just go  
25 ahead and die out here, they're ---

1                   MS. GRECO:

2                   No.

3                   CHAIRMAN DELUCA:

4                   --- definitely taken care of?

5                   MS. GRECO:

6                   Definitely taken care of. And typically  
7 the entry point for an uninsured who needs certain  
8 surgery is through an emergency room because of the  
9 requirements for the hospitals to not turn someone  
10 away obviously. And at that point in time, we  
11 typically have a higher mortality rate. People are  
12 sicker, because something that gets them to the  
13 emergency room is something that's critical. And,  
14 yes, uncompensated care, the disproportionate share  
15 payments that come from the state and federal  
16 government will rise.

17                   CHAIRMAN DELUCA:

18                   And just for the public and for the  
19 people who are going to be watching this program.  
20 What percentage of uncompensated care does everybody  
21 bear out on their own insurance? And there is no free  
22 lunch out there.

23                   MS. GRECO:

24                   No.

25                   CHAIRMAN DELUCA:

1           And a lot of people don't realize that  
2 when we send people to the emergency rooms because, in  
3 fact, we're a compassionate country and a  
4 compassionate state, that we have to take care of our  
5 people, ---

6           MS. GRECO:

7           Uh-huh (yes).

8           CHAIRMAN DELUCA:

9           --- that somebody's paying for it. It's  
10 not just money that's just pulled out of the air.  
11 What percentage of a person's policy who has insurance  
12 does uncompensated care ---?

13          MS. GRECO:

14          Six and a half to seven percent.

15          CHAIRMAN DELUCA:

16          Six and a half to seven percent is what  
17 every individual out there who has healthcare pays for  
18 everyone. I just want to ---

19          MS. GRECO:

20          Yeah.

21          CHAIRMAN DELUCA:

22          --- note that for the record.

23          MS. GRECO:

24          Thank you.

25          CHAIRMAN DELUCA:



1 Thank you. Representative Taylor?

2 REPRESENTATIVE TAYLOR:

3 Thank you very much, Mr. Chairman. I'm  
4 looking at Montgomery County specifically, and the  
5 numbers you gave me, even though were in an affluent  
6 district, you said 5.3 percent of the borough's  
7 citizens do not have healthcare?

8 MS. GRECO:

9 Entire adult population.

10 REPRESENTATIVE TAYLOR:

11 Entire ---

12 MS. GRECO:

13 Yes.

14 REPRESENTATIVE TAYLOR:

15 --- adult population.

16 MS. GRECO:

17 Uh-huh (yes).

18 REPRESENTATIVE TAYLOR:

19 What is --- you know, in comparison  
20 relative to other counties, what is that?

21 MS. GRECO:

22 Well, the average for the Commonwealth is  
23 close to nine percent. So you can see the distinction  
24 of your county because of its affluency with being  
25 lower than the average in the state.

1                   REPRESENTATIVE TAYLOR:

2                   Well, I can say antidotally volunteer my  
3 doors, a lot of the folks that I've talked to do have  
4 healthcare, but they are concerned about those who do  
5 not have healthcare. And I think enough of the  
6 citizens are sophisticated enough to know that, as the  
7 Chairman pointed out, we all pay for it in one way or  
8 another. And this is to take care of the beginning is  
9 more of a concern. You said 3,613 people are on the  
10 Adult Basic waiting list, but it has --- I can imagine  
11 only since economic downturn that's it probably gone  
12 up somewhat substantially.

13                   MS. GRECO:

14                   For Montgomery County that number, the  
15 3,600-some, fits into for the entire state, a waiting  
16 list of close to 100,000 Pennsylvanians.

17                   REPRESENTATIVE TAYLOR:

18                   And noticed that you developed last year,  
19 and I know it's gone up from ostensibly 767,000  
20 people.

21                   MS. GRECO:

22                   That's correct, Representative Taylor.

23                   REPRESENTATIVE TAYLOR:

24                   And that's been a huge concern. When I  
25 throw that number to constituents, their gasps stagger

1 by this huge number. I can only imagine it has grown  
2 since the economic downturn.

3 MS. GRECO:

4 It has. And, you know, you have spoken  
5 to me, Representative Taylor, many times about your  
6 concerns not only for your own constituents but also  
7 for the status of all Pennsylvanians, and you also  
8 have made recommendations, and you've been very  
9 steadfast in keeping apprised of all of this, so I  
10 want to thank you for that. And thank you for hosting  
11 us today.

12 REPRESENTATIVE TAYLOR:

13 Thank you. I think that concludes my  
14 issues and my questions for the director. And I  
15 really do thank you for taking the time for coming  
16 to ---

17 MS. GRECO:

18 You're welcome.

19 REPRESENTATIVE TAYLOR:

20 --- testify today. As always, it's been  
21 a learning experience, and I do learn something new  
22 each time. Again, thank you.

23 CHAIRMAN DELUCA:

24 Representative Quinn?

25 REPRESENTATIVE QUINN:

1           Thank you. I'm going to go back to, I  
2 believe it was late February when we voted on this in  
3 the house. And I actually checked the transcript  
4 after that long day when Representative Eachus was  
5 discussing --- representing the replacement for this  
6 bill.

7           MS. GRECO:

8           Right.

9           REPRESENTATIVE QUINN:

10           And I'm not asking you to speak for  
11 Representative Eachus, but just to clarify something.  
12 According to my recollection and the notes of that  
13 testimony, not once but twice Representative Eachus  
14 commented --- actually corrected a member from the  
15 floor saying something about --- the member from the  
16 floor referred to it as the governor's healthcare  
17 plan, and twice he said this is not the governor's  
18 healthcare plan, it's the Democratic Caucus plan.  
19 What is the difference? Are they one in the same?  
20 From what I understand in your presence, you, as  
21 represented the governor, are fully endorsing the  
22 democratic plan. But I wasn't sure that day, was  
23 there going to be another plan from the governor  
24 or ---?

25           MS. GRECO:

1                   Thank you for asking that question,  
2 Representative Quinn. The governor's proposal in  
3 Prescription for Pennsylvania for covering the  
4 uninsured was called Cover All Pennsylvanians. And in  
5 it addressed the individuals who made less than 300  
6 percent of the federal poverty level being eligible  
7 for state and federal dollar subsidy. In the democrat  
8 --- House democrat plan out of the House, the  
9 comparison is 200 percent of the federal poverty  
10 level. Secondly, the governor's Cover All  
11 Pennsylvanians applied as well to small employers 2 to  
12 50 up to 300 percent of the federal poverty level,  
13 low-wage employees. And that proposal was only going  
14 to require the employer to pay actually less than \$150  
15 a month. The House democratic plan requires \$150 a  
16 month. It was also going to cover everyone up to 300  
17 percent of the federal poverty level, and in the House  
18 democratic plan it's 200 percent and 200 to 300 could  
19 buy in.

20                   The funding is very different. The  
21 funding in the governor's proposal required small  
22 employers who do not offer healthcare insurance to pay  
23 a fair share tax in order to fund CAP. The House  
24 proposal does not --- did not endorse or include that  
25 tax. The governor's proposal had an MCARE, abatement

1 and a pay down of the tail that was --- the abatement  
2 would have been a lot less in five years as opposed to  
3 ten years. So there are distinctions between the  
4 governor's plan and the House plan.

5 REPRESENTATIVE QUINN:

6 Yes. And I understood that between CAP  
7 and ABC.

8 MS. GRECO:

9 I see.

10 REPRESENTATIVE QUINN:

11 I wasn't sure from the introduction of  
12 ABC, if there was to be another governor --- since the  
13 governor's plan --- many of its finest points were  
14 already kind of peeled off and amended, we've gone  
15 over some of them.

16 MS. GRECO:

17 Right. The governor and the  
18 administration has endorsed the proposal from the  
19 House, and the governor has respectfully requested the  
20 Senate to approve Senate Bill 1137 as is.

21 REPRESENTATIVE QUINN:

22 Okay. Thank you. I think it was my  
23 first committee meeting when this --- my first hearing  
24 with this committee when House Bill 700 CAP was rolled  
25 out.

1           MS. GRECO:

2           Yes.

3           REPRESENTATIVE QUINN:

4           And it was an aggressive, large bill.

5           MS. GRECO:

6           Right.

7           REPRESENTATIVE QUINN:

8           And as I just said, several of its best  
9 pieces ---

10          MS. GRECO:

11          Peeled off.

12          REPRESENTATIVE QUINN:

13          --- were peeled off and are now  
14 legislation. Right now one of my concerns with the  
15 1137 is that it, too, is large. And I know there's  
16 been a movement to try to peel off the MCARE piece.

17          MS. GRECO:

18          Uh-huh (yes).

19          REPRESENTATIVE QUINN:

20          And I'm under the impression that part of  
21 the reason for not is that it would help fund ABC, but  
22 I've only heard you mention the two taxes, the  
23 cigarettes and the smokeless tobacco and the cigars.

24          MS. GRECO:

25          In the governor's proposal that, indeed,

1 the tax is really what has been proposed. The  
2 governor reluctantly comes to support Senate Bill 1137  
3 in terms of the funding. Funding is, indeed,  
4 different. The original Senate Bill 1137 was the  
5 first bill and it came out of the Senate. It was  
6 Senator White, Senator Don White. That was the first  
7 bill introduced, which basically determined that the  
8 reserves or the surplus in the Healthcare Provider  
9 Retention Account Fund, which is funded by the  
10 cigarette taxes that were originally placed in 2003,  
11 to help the physicians with their MCARE abatement, and  
12 because medical malpractice claims have declined so  
13 dramatically in the Commonwealth in the last four  
14 years, there's 40 percent less claims filed 2002 to  
15 2007. And there's 50 percent less payout out of the  
16 MCARE fund. So as the healthcare --- as the cigarette  
17 taxes were being collected and less money was needed  
18 to pay for the MCARE claims, a reserve built up. It  
19 will be about half a billion. It's a little over half  
20 a billion right now. Senate Bill 1137, the first one,  
21 said let's take some of that money out of that --- out  
22 the reserves and let's use it for some help for  
23 hospitals, electronic medical records, a couple of  
24 other things. And when that bill went to the House,  
25 they used that bill, and, you know, gut it, replaced,



1 but kept the concept of using money from the  
2 Healthcare Provider Retention Account to help fund  
3 ABC.

4 REPRESENTATIVE QUINN:

5 Thank you.

6 CHAIRMAN DELUCA:

7 Let me also state on that fact, and I  
8 don't think you mentioned as far as the fact that  
9 there was \$42 million for small businesses that the  
10 governor had proposed.

11 MS. GRECO:

12 Yes, that's right. We had met with  
13 Representative Boyd and other republicans and  
14 Representative Micozzie. And it was a House proposal.  
15 And to the governor's credit, whether he liked it or  
16 not, it was something that we came up with and that's  
17 the way government is. You give and take, and the  
18 governor's willing to take what we give him, stuff  
19 that we have to endorse, whatever the governor gives  
20 us. So that's why our constituents elect us. And let  
21 me just say on the 20 percent, and I have said that  
22 and a lot of my colleagues have said it on both sides  
23 said yeah, you know, we're looking at --- even if we  
24 cut 20 percent of the legislative budget --- I mean,  
25 not of the budget, but the operating funds of the

1 legislature. There's \$60 million that we should be  
2 looking to put in to take care of the healthcare of  
3 the uninsured. And I think that would go a long way  
4 to drive funds. There are ways that we can fund this  
5 if people don't want the tax, the ten percent --- the  
6 ten cents tax on cigarettes or being one of the states  
7 that doesn't tax smokeless tobacco. So there are  
8 avenues. I don't want people to think that they're  
9 not avenues. And I just want to mention this one.  
10 There are other avenues that we are looking at to  
11 provide funding for this ABC program, which both sides  
12 of the aisle are very serious on in providing  
13 healthcare to our uninsured in this Commonwealth of  
14 Pennsylvania. Any other questions? Representative  
15 Boyd?

16 REPRESENTATIVE BOYD:

17 Thank you, Mr. Chairman. I'm going to  
18 try to go briefly in the interest of time. One of the  
19 questions that came up --- Representative Quinn  
20 referred to the House debate. One of the questions  
21 that came up was this request for the Medicaid waiver.  
22 And there seems to be a little bit of confusion. Some  
23 of us are under the impression that when you go to the  
24 feds for a waiver that defines an entitlement. At  
25 that point in time that the federal government defines

1 who can qualify, and if they get service, that service  
2 has to be continued as long as they are --- meet the  
3 income requirements and so on and so forth. So the  
4 fundamental question is can somebody who receives  
5 benefits under the new PA ABC plan be removed from  
6 that because there's not enough money to service them  
7 the following year?

8 MS. GRECO:

9 Yes.

10 REPRESENTATIVE BOYD:

11 And the feds are okay with it? They've  
12 approved a waiver that has that condition?

13 MS. GRECO:

14 No, they have not approved the waiver  
15 yet.

16 REPRESENTATIVE BOYD:

17 They have not done that. Have they  
18 approved a waiver like that in any other state?

19 MS. GRECO:

20 They have approved waivers of federal  
21 matching dollars to a non-entitlement fund. We have  
22 to work through the language. So your question is a  
23 very apt question. But that's exactly what we're  
24 doing in our visits to Washington.

25 REPRESENTATIVE BOYD:

1                   And if, in fact, the feds don't approve  
2 that waiver ---

3                   MS. GRECO:

4                   Uh-huh (yes).

5                   REPRESENTATIVE BOYD:

6                   --- then by in large, what we have is a  
7 situation where PA ABC's revenue stream will basically  
8 be cut in half?

9                   MS. GRECO:

10                  Yes.

11                  REPRESENTATIVE BOYD:

12                  Okay. That's good. I just wanted to  
13 clarify, because that's some of the questions that we  
14 had.

15                  MS. GRECO:

16                  Yes.

17                  REPRESENTATIVE BOYD:

18                  And if that happens, then the number of  
19 people who receive services will drop and the waiting  
20 list will grow?

21                  MS. GRECO:

22                  We will not commence PA ABC without a  
23 federal match, so it's not that we will be taking  
24 people off. The federal waiver has to be applied or  
25 ABC doesn't even commence.

1                   REPRESENTATIVE BOYD:

2                   Okay. Another question I had is can  
3 anybody who applies for the insurance provisions under  
4 ABC be denied for any pre-existing conditions?

5                   MS. GRECO:

6                   No. Nor are they denied today under  
7 Adult Basic.

8                   REPRESENTATIVE BOYD:

9                   Okay. My question is, and I see this  
10 when people who come into my office, and we probably  
11 all have, who say, you know, I found out I have a  
12 damaged rotator cuff because I'm old man trying to  
13 play little boys' games. Not that I can relate. But  
14 I need this taken care of. I don't have insurance.  
15 And so we're on the --- you know, what's your income,  
16 and if they --- you then qualify for Medicaid and so  
17 on and so forth.

18                   MS. GRECO:

19                   Uh-huh (yes).

20                   REPRESENTATIVE BOYD:

21                   And ultimately they get on the waiting  
22 list. And what I see people doing is they get on the  
23 waiting list, they wait their six months or however  
24 long until they get the services and then they drop  
25 them. So the question is how does PA ABC deal with

1 this issue of --- let me use the term loosely and it  
2 might not be the exact term, but adverse selection?  
3 The fact that what we're really doing is that we're  
4 providing a government-subsidized program that people  
5 use when they need it and then they jump off as  
6 opposed to what insurance should be, which is, in a  
7 sense, the healthiest of the healthy have insurance  
8 and they really help to offset by that broad-based  
9 line the Chairman's been real supportive or pushing on  
10 the community-wide representation. How does ABC deal  
11 with that? Because in the way I read it and we  
12 debated it on the floor, it seems that it actually  
13 promotes adverse selection? And I'll give you a  
14 little interesting statistic. My daughter's 24.

15 MS. GRECO:

16 Uh-huh (yes).

17 REPRESENTATIVE BOYD:

18 Graduated from college a year ago. That  
19 means what? Now she's no longer covered by my benefit  
20 plan. When we went shopping was actually able to get  
21 a really nice 80/20 plan through a carrier for about  
22 \$120 a month. And ABC's \$300 roughly. So the  
23 question is which would someone like my daughter  
24 choose who is a stage manager of technical theatre?  
25 If you know anything about theatre, they're not big on

1 providing benefits.

2 MS. GRECO:

3 Or income.

4 REPRESENTATIVE BOYD:

5 Yeah. She loves her job. That's more  
6 important than money. That hurt to say but ---.  
7 She's going to watch this. So back to the point is  
8 what I'm saying is it seems that ABC creates this  
9 adverse selection. The young and the healthy can get  
10 coverage for \$120 as opposed to the \$310, but also no  
11 one can be denied coverage. There's no really built  
12 in incentive, because ABC does not require people to  
13 have insurance. How do you respond to that? That to  
14 me was one of the big goals that we discussed on  
15 Senate Bill 1137 that they've focused on.

16 MS. GRECO:

17 Representative Boyd, may I ask you the  
18 80/20 --- could you just clarify exactly what that is?

19 REPRESENTATIVE BOYD:

20 \$500 deductibles, major medical and then  
21 over --- I think it was over the \$500 up to \$1,500,  
22 it was 80/20 and then a \$6 million lifetime max. It's  
23 actually not a bad policy.

24 MS. GRECO:

25 Uh-huh (yes).

1                   REPRESENTATIVE BOYD:

2                   So maximum out of pocket a year, I think,  
3 was somewhere between \$1,500 and --- I think it's  
4 \$1,500.

5                   MS. GRECO:

6                   \$1,500?

7                   REPRESENTATIVE BOYD:

8                   Yeah.

9                   MS. GRECO:

10                  Provided she remains healthy and doesn't  
11 have ---?

12                  REPRESENTATIVE BOYD:

13                  Maximum amount out of pocket in any given  
14 year was --- out of pocket was ---.

15                  MS. GRECO:

16                  Okay. So there was a cap on every year  
17 \$1,500 up to \$6 million lifetime ---

18                  REPRESENTATIVE BOYD:

19                  Right.

20                  MS. GRECO:

21                  --- no matter what kind of surgery,  
22 anything?

23                  REPRESENTATIVE BOYD:

24                  Yeah.

25                  MS. GRECO:



1 Well, if someone had a choice between  
2 that and Adult Basic, they would choose \$120 a month.  
3 Because your daughter's healthy, she has that choice.  
4 If she were not healthy, if she were diabetic or if  
5 she had some other kind of pre-existing condition, she  
6 would pay a lot more. We know that in the  
7 Commonwealth, the premiums for someone with a  
8 pre-existing condition can be anywhere from \$4,000 to  
9 \$9,000 a year. And, yes, there are people who through  
10 no fault of their own have a pre-existing condition.  
11 And unless and until we were going to require all  
12 insurers to write for those with pre-existing  
13 condition and to have legislation, which is in House  
14 Bill 2005, which would cap the costs for the lowest  
15 charge for an individual to the highest charge for an  
16 individual being within a ratio of two to one ---  
17 that's in House Bill 2005. Today it could be nine to  
18 one. Unless we do that, we will have more people  
19 coming into ABC just as we do with Adult Basic,  
20 because there's no alternative. So ABC alone is not  
21 the whole solution. It's ABC plus insurance reform.

22 REPRESENTATIVE BOYD:

23 Because that really, I mean, I'm glad  
24 that you said that because your argument begs the  
25 question if we just do ABC.

1                   MS. GRECO:

2                   Right.

3                   REPRESENTATIVE BOYD:

4                   In essence, the \$310 --- the premiums  
5 can't stand, because you will have adverse selection.  
6 You will have people using it as healthcare not ---

7                   MS. GRECO:

8                   Yeah. And to your point ---.

9                   REPRESENTATIVE BOYD:

10                  --- health insurance. And ultimately one  
11 of --- some of our concerns was that the policy  
12 wouldn't --- that the government subsidy would have to  
13 grow.

14                  MS. GRECO:

15                  Uh-huh (yes).

16                  REPRESENTATIVE BOYD:

17                  We need to find more revenue or fewer  
18 people would be covered. And I've heard my colleague,  
19 my friend beside me, Representative Watson, say dozens  
20 of times, we don't want to make promises to people  
21 that we're not going to be able to fulfill.

22                  MS. GRECO:

23                  We agree.

24                  REPRESENTATIVE BOYD:

25                  And one of our concerns from our side of

1 the aisle, and I know some of my colleagues across the  
2 aisle had the same concerns is are we presenting an  
3 image to people that we're going to cover 100,000,  
4 250,000 to 500,000 more people provide coverage when,  
5 in fact, we may only be able to, at best, cut the  
6 current waiting list in half or reduce, you know, that  
7 waiting list. So that was some of our concerns  
8 and ---.

9 MS. GRECO:

10 No. And they're valid concerns. That's  
11 why we asked Mercer, which is, as you know, a  
12 nationally recognized actuarial and modeling and  
13 assessment corporation to be very conservative in  
14 assuming a high adverse selection rate when they were  
15 defining what the benefit package could be and the  
16 premium to your point. And, you know, in terms of  
17 people with --- just like Adult Basic, on ABC people  
18 would have to give proof of income every year. I  
19 mean, there will be rotation, and there will be people  
20 such as the person you described who will try to come  
21 into ABC just like Adult Basic because they can't get  
22 insurance any other way.

23 CHAIRMAN DELUCA:

24 Representative Melio?

25 REPRESENTATIVE MELIO:

1           Yeah. Just to get back on the  
2 affordability. I know that when I talk to a lot of my  
3 constituents, we tell them about the cigarette tax and  
4 smokeless tobacco. It seems they don't mind that  
5 because where I live it's only across the river from  
6 New Jersey, and New Jersey residents as they cross  
7 over the bridge they come in Pennsylvania to buy  
8 tobacco, because it's a dollar a pack cheaper ---

9           MS. GRECO:

10           Uh-huh (yes).

11           REPRESENTATIVE MELIO:

12           --- in Pennsylvania than it is in New  
13 Jersey. And the same goes as our residents over to  
14 cross over the bridge to buy gasoline, because it's 20  
15 to 30 cents ---

16           MS. GRECO:

17           Right.

18           REPRESENTATIVE MELIO:

19           --- in some cases ---.

20           MS. GRECO:

21           Right. Their gasoline taxes aren't as  
22 high.

23           REPRESENTATIVE MELIO:

24           So the people are looking for a bargain,  
25 and they want to make sure they're covered. And so I

1 have no problem with the taxing of tobacco. I don't  
2 think it's a real tax because it's still worth every  
3 penny that we see.

4 MS. GRECO:

5 Thank you, Representative Melio.

6 CHAIRMAN DELUCA:

7 Representative Watson?

8 REPRESENTATIVE WATSON:

9 Thank you, Mr. Chairman. If I might take  
10 a minute to thank you, and I guess the truth is  
11 important in all of this. I am not a member of the  
12 Insurance Committee. I obviously live nearby and  
13 wanted to be here because Representative Boyd and I  
14 co-chair and have worked for the last 18 months, I  
15 guess, together. Some would find that amazing. In  
16 any event, but --- and I have a great interest in this  
17 and thank you too, Rosemarie.

18 MS. GRECO:

19 You're welcome.

20 REPRESENTATIVE WATSON:

21 We've talked many, many times ---

22 MS. GRECO:

23 Yes, we have.

24 REPRESENTATIVE WATSON:

25 --- to go back and forth.

1                   MS. GRECO:

2                   Thank you.

3                   REPRESENTATIVE WATSON:

4                   A couple things. Number one, I recall  
5 when my colleague from Bucks, Representative Melio, to  
6 say that if I were to say, quote, vote for a tax,  
7 which I rarely ever do, but if I were to call my  
8 district and talk because it's on cigarettes or cigars  
9 or smokeless tobacco, I think that more, especially in  
10 the southeast in my district, would consider it almost  
11 a religious duty on my part that I should do so,  
12 because the goal is to have people not smoke. Which  
13 gets to one form of chronic disease management would  
14 be for those habits where we have some control and  
15 could, indeed, then modify behavior which reduces our  
16 chance for disease, we should do so. Recognizing we  
17 move to something like diabetes, it's not quite the  
18 same thing, because, indeed, there is an inheritance  
19 factor to that has people come up with diabetes and  
20 they've done everything right and ate well in their  
21 lives and all that good stuff. My concern has been as  
22 we've gone over this and gone over the numbers times  
23 before that --- and you got to ---. Let me back up.  
24 You got to your waiver question and were talking about  
25 funding for this program. And then we talked about

1 that also funding could come from these taxes. And  
2 yet what we watch is I suppose to Pennsylvania's  
3 credit and to the credit of our citizenry, a decline  
4 in revenue source right now in the cigarette tax. And  
5 I would presume that fewer people --- I would hope.  
6 Smokeless tobacco, they're not still chewing and doing  
7 those ---. Okay. And spitting. But hopefully we  
8 have fewer ---.

9 MS. GRECO:

10 More teenagers. More teenagers because  
11 it's less expensive.

12 REPRESENTATIVE WATSON:

13 I understand. And the idea being, and  
14 we've all heard from some of our colleagues, too, that  
15 we raise tax and we have known that we have fewer  
16 young people smoking ---

17 MS. GRECO:

18 Right.

19 REPRESENTATIVE WATSON:

20 --- simply because it's too expensive.

21 MS. GRECO:

22 Exactly.

23 REPRESENTATIVE WATSON:

24 So it's a habit that you just don't  
25 start, which that's fine. My point is and then we

1 have money in our --- and you know that, in our  
2 tobacco sales that we do for smoking cessation  
3 programs. I have a problem if I believe in something  
4 attaching it then to what I'll call, one, a decline in  
5 revenue source, which would be cigarettes and even if  
6 we add cigars and smokeless tobacco, it is still  
7 declining, because we hope that our education is good  
8 enough and our concerns are such that young people  
9 aren't starting and those of other years that smoke  
10 are giving it up. And then you said well, if we don't  
11 get this federal waiver, we don't. So we have  
12 something we want to do and I think that is some of  
13 our concern. In how do we fund this? And that gets  
14 down to me asking you then if there's no way for  
15 funding, the chairman mentioned some, but we haven't  
16 enough to fill --- we can keep shoveling in the hole,  
17 Mr. Chairman, but I don't feel that we have enough for  
18 a big of hole like that. That's where I have a  
19 problem with the funding piece.

20 MS. GRECO:

21 Okay.

22 REPRESENTATIVE WATSON:

23 And following that you went to the --- I  
24 guess it was brought up this \$42 million that might  
25 also be there for small employers. And yet I'm the



1 person who says don't promise people something or be  
2 so specific they know what the promise is and they're  
3 not counting on something.

4 MS. GRECO:

5 Right.

6 REPRESENTATIVE WATSON:

7 Part of what I remember and was on the  
8 floor and discussing that day when this was passed was  
9 the requirement on employers that they had to enroll  
10 in order to partake in this program, and there's \$42  
11 million for small business, it's a lot of money to me,  
12 anything with an N behind it, seems a lot to me. But  
13 recognizing that across the state that's really a  
14 small amount of money to be divided among people, and  
15 I want to make sure that those listening understand  
16 that. You know if you win the lottery and they told  
17 you won \$42 million, wow, you'd be traveling at the  
18 very least. But it's not when I start parceling it  
19 out with all the small businesses. That's one.

20 But it also said then that you have to  
21 enroll a certain number of participants, 50 percent of  
22 all eligible employees before anyone can participate.  
23 That was actually in there to show off for all  
24 eligible employees the opportunity. So we have  
25 specifics related, but they have to have half of their

1 eligible employees enrolled. But then you talk about  
2 how is this going to work a requirement like that and  
3 people who even though the pots small qualified for  
4 that if it's a non-entitlement and that there isn't  
5 the capacity to enroll everyone it seems like --- and  
6 I guess that's where some of us got really hung up on  
7 you could say the details, but to me if the details  
8 don't work, I don't want to agree to something that in  
9 the end I know I agree to that has no ---.

10 MS. GRECO:

11 I totally respect that and agree with it,  
12 Representative Watson. Let me just make two points,  
13 because I know I'm using up a lot of other people's  
14 time. Let me just go to the tax or Care Grant. The  
15 Care Grant would be equal to 25 percent of whatever  
16 the employer is paying as a subsidy for the employee.  
17 So it's not that they would get a Care Grant dollar  
18 for dollar in terms for whatever they paid for the  
19 subsidy. If they're providing a subsidy for an  
20 employee's spouse and children, they could get 50  
21 percent of that subsidy as a credit. All of that  
22 provided that they are paying taxes to begin with ---  
23 state taxes to begin with. You know better than I and  
24 anyone who serves on the Appropriations Committee in  
25 looking at our revenue sources. Because of S

1 corporation filings and the way a small company or a  
2 large company incorporates, state taxes could be  
3 minimized or even eliminated. So I understand your  
4 concern with all the small businesses in the  
5 Commonwealth. Many of them don't pay taxes because of  
6 their incorporation. And for those who do and provide  
7 this employer subsidy, it's 25 percent Care Grant  
8 credit. Now we've worked it out, modeled it out by  
9 looking at the numbers and the actual number of  
10 companies in Pennsylvania and the number of companies  
11 who pay taxes and what percentage the 25 percent, et  
12 cetera. So that's all been modeled, and we'll be  
13 happy to share that with you. Second thing we have  
14 modeled out is the decline, projected decline, in  
15 cigarette tax revenue offset by a whole new source of  
16 revenue being the smokeless and the cigar, and that  
17 has been modeled out for ten years. So the numbers  
18 should cause you to question and as they have the  
19 administration. And this is a ten-year model, which I  
20 will be happy to forward to the Chairman and get it  
21 delivered to all of you. So thank you.

22 CHAIRMAN DELUCA:

23 Any other questions?

24 REPRESENTATIVE WATSON:

25 No, thank you.

1                   CHAIRMAN DELUCA:

2                   Rosemarie, I just want to thank you, and  
3 I just want to thank the ---. The governor's very  
4 fortunate to have you as a director of the  
5 governor's ---

6                   MS. GRECO:

7                   Thank you, Mr. Chairman.

8                   CHAIRMAN DELUCA:

9                   --- Healthcare Commission. And I just  
10 thank you for testifying. Since Representative Watson  
11 brought this up, I just want to mention it to you.  
12 You got public out here, and I'm sure Representative  
13 Watson realized it. We're one of the few states that  
14 use the tobacco settlement money especially for  
15 healthcare issues related to tobacco. Other states  
16 have used that money for bridges, water, dams,  
17 whatever they want to approve. Some went into the  
18 general fund, but this legislature in the past when  
19 that settlement money seemed fit to dedicate it to  
20 healthcare. Certainly they should be commended for  
21 seeing --- having the foresight to do that. Again,  
22 thank you very much.

23                   MS. GRECO:

24                   Thank you all. Thank you very much.

25                   CHAIRMAN DELUCA:

1           The next individual to testify is Paula  
2 Robinson from PHAN. Paula here?

3           MS. ROBINSON:

4           Morning.

5           CHAIRMAN DELUCA:

6           Here you are, Paula.

7           MS. ROBINSON:

8           Here I am.

9           CHAIRMAN DELUCA:

10          Welcome.

11          MS. ROBINSON:

12          Thank you. Thanks for having me.

13          CHAIRMAN DELUCA:

14          Thank you for coming. We appreciate you  
15 taking the time to come here. Whenever you're ready,  
16 feel free to start.

17          MS. ROBINSON:

18          Okay. My name is Paula Robinson, and I'm  
19 a resident of Norristown, which is one of the richest  
20 counties in Pennsylvania. I understand it's one of  
21 the richest counties in the country.

22          CHAIRMAN DELUCA:

23          Is that right? I'm stuck in Allegheny  
24 County. We're not the richest county.

25          MS. ROBINSON:

1                   But Norristown is the county seat. I  
2 serve there as the political action chair of the  
3 Norristown branch of NAACP. And PHAN wrote this for  
4 me, but I'd rather just speak for what I have to say.

5                   CHAIRMAN DELUCA:

6                   That's great.

7                   MS. ROBINSON:

8                   You can read all this yourself, you know.  
9 How I got here was I was watching PCN and saw the  
10 hearings on the House Bill 1137. I was a nurse in my  
11 former life. I was a nurse for 30-something years.  
12 So I'm very interested in healthcare. And I was  
13 sitting there watching Rep. Thomas give a very  
14 eloquent and articulate speech on this bill, and I'm  
15 thinking all that sounds really good, you know, and  
16 then I can see my Rep., Jay Moyer, with the 70th  
17 District. He was sitting behind Rep. Thomas eating  
18 soup. And I said he's not even paying any attention  
19 to this. And I'm sitting there getting madder and  
20 madder. You know, Jay, why aren't you listening? Why  
21 aren't you listening to this? We need this. And, you  
22 know, then I ran into my neighbor, Antoinette. She's  
23 with PHAN, and I was telling her about how upset I was  
24 about Jay sitting there eating the soup. And when I  
25 saw the results of this, Jay did vote for this. And I

1 called him, and I said, yeah, I just wanted to thank  
2 you for voting for this. We need this in  
3 Pennsylvania. I didn't think you were listening,  
4 because I was watching you eat soup and ---.

5 CHAIRMAN DELUCA:

6 See sometimes we can eat and listen too  
7 at the same time.

8 MS. ROBINSON:

9 Yeah. So I was really glad that Jay  
10 voted for it. You know, I have two sisters that go to  
11 work every day and neither one of them has healthcare.  
12 I have diabetes, and the one sister is starting to  
13 exhibit some symptoms of the diabetes, and she doesn't  
14 have any healthcare insurance. And I'm listening to  
15 the previous testimony, and I'm looking at page four,  
16 who are the uninsured in Pennsylvania, and my sister  
17 fits this profile. Her husband died about six years  
18 ago, so up until that point she was insured. Now she  
19 works driving school kids to school, and she goes to  
20 work every day, but she does a low income. And she's  
21 been without health insurance coverage ever since he  
22 died. And her reason that she doesn't have it is  
23 because she just can't afford it. You know, since he  
24 died she has all the bills on her, the house and the  
25 oil and the electric and all that. She might lose her

1 house. So it hit home to me listening to this on PCN  
2 that day. And when I talked to Antoinette, she said  
3 well do you want to come speak about it. so I said  
4 sure, I'll come speak. So we ended up in Harrisburg  
5 with Vincent Hughes talking about it, and she was  
6 dragging me all over talking about healthcare. But we  
7 need this kind of stuff. We need to reform the  
8 healthcare regulations, just drafting these bills.  
9 And where I live Montgomery County, Montgomery  
10 Hospital is leaving. Even though Montgomery County is  
11 one of the most --- supposedly one of the most  
12 affluent counties in this state, I think we have a  
13 higher percentage of below poverty people than a lot  
14 of the other counties. People that need to walk to  
15 the hospital and get hospital care.

16           If they create these clinics that you  
17 were talking about --- that she was talking about,  
18 that's not going to provide the care that everybody  
19 needs. There is one clinic in Norristown on Main  
20 Street. I told my sister you need to go there and get  
21 a checkup. They have 500 people on the waiting list.  
22 I told her this around the time that the hearings were  
23 going on. She hasn't gotten there yet. So what's  
24 going to happen? Are people going to be dying on the  
25 street, because we don't have these healthcare bills



1 passed? That's what my concern is. People like my  
2 sister who go to work every single day and can't get  
3 --- she can't go to the dentist. She can't get her  
4 mammogram, although my insurance company sends me a  
5 report card. Get a mammogram every year. Get a Pap  
6 smear every year. Get a colonoscopy. You know the  
7 tests that they have. She can't get any of those,  
8 because she doesn't have coverage for it, and she  
9 can't afford to pay it --- pay for it out of her  
10 meager salary. So I'm just here to say would you  
11 please vote for these bills. Take it into  
12 consideration people like me and my sister. And as  
13 far as the cigar tax goes, I say vote for that,  
14 because I don't know about it in your town, but in my  
15 town all the young kids smoke blunts. They put their  
16 marijuana in it. We have a big drug problem here,  
17 too. They put the marijuana in the blunts. I have  
18 friends that have bought stock in blunts just because  
19 they know how many of them are sold. If you tax those  
20 blunts, it's worth it. I don't care if you make them  
21 \$5 a piece. It's worth it. And basically that's what  
22 I wanted to say.

23 CHAIRMAN DELUCA:

24 Well, you did an excellent job on your  
25 own.

1                   MS. ROBINSON:

2                   Thank you.

3                   CHAIRMAN DELUCA:

4                   I certainly congratulate you for coming  
5 here to testify. Is there any questions?

6                   MS. ROBINSON:

7                   I am speaking for the Pennsylvania Health  
8 Access Network.

9                   CHAIRMAN DELUCA:

10                  I know you are. And we will certainly  
11 read your testimony there. And I want to thank you  
12 for --- you've done an excellent job on your own ---

13                  MS. ROBINSON:

14                  Thank you.

15                  CHAIRMAN DELUCA:

16                  --- coming before the Committee and  
17 explaining why you believe we should have that there.  
18 And certainly there's a lot of people who just can't  
19 afford it. Even somebody who's making \$35,000 a year  
20 by the time they take taxes out and pay all their  
21 taxes and have to pay \$5,000, \$6,000 for healthcare  
22 and have to support their kids, there's no way they  
23 can do it ---

24                  MS. ROBINSON:

25                  No, it's not.

1                   CHAIRMAN DELUCA:

2                   --- to survive. So what do they do?

3 They go without healthcare.

4                   MS. ROBINSON:

5                   Yeah.

6                   CHAIRMAN DELUCA:

7                   So I just, again, want to thank you for  
8 your testimony.

9                   MS. ROBINSON:

10                  Thank you. And I want to thank Ms. Greco  
11 for all the statistics, too. So she kept me from  
12 having to read all of this.

13                  CHAIRMAN DELUCA:

14                  Okay.

15                  MS. ROBINSON:

16                  Thank you.

17                  CHAIRMAN DELUCA:

18                  Thank you again for taking the time. The  
19 next individual to testify is Eloise Mullen, Vice  
20 President of the United Food and Commercial Workers  
21 1776. Welcome.

22                  MS. MULLEN:

23                  Good afternoon. And thank you for the  
24 welcome. Good afternoon. My name is Eloise Mullen.  
25 I am a Vice President of the United Food and

1 Commercial Workers Local 1776, as well as a lead  
2 representative for them. First I'd like to thank you,  
3 Chairman DeLuca, for allowing us to be here today and  
4 also the committee. Although if you could tell  
5 Representative Micozzie I missed him, because he's ---  
6 I'm also from Delaware County. So I'm looking for a  
7 familiar face from Delaware County with him.

8 CHAIRMAN DELUCA:

9 Well, he certainly has done a good job on  
10 this committee ---

11 MS. MULLEN:

12 Yes, he has.

13 CHAIRMAN DELUCA:

14 --- and working bipartisanly. And he was  
15 one of the ones that supported the --- one of the 117  
16 for the ABC program so ---.

17 MS. MULLEN:

18 Great.

19 CHAIRMAN DELUCA:

20 So I just want to say that too.

21 MS. MULLEN:

22 I think you have my testimony, and I'll  
23 try to briefen (sic) it up some so that we can  
24 continue. But as a union representative, every day we  
25 confront the issue of healthcare and the costs as we

1 struggle not only to negotiate the best coverage we  
2 can for our members, but also to make sure that the  
3 employers who employ our members are able to stay in  
4 business. Let's make this clear. There is a  
5 healthcare crisis in this Commonwealth. In a state  
6 with some of the best medical facilities in the world  
7 if you get sick and you have healthcare insurance, you  
8 get to go to a doctor or to a hospital and you get the  
9 care you need. However, if you don't go --- if you  
10 don't have health insurance, you usually go right to  
11 the hospital. Don't pass go. Just you end up there.  
12 You might get the care you need, but you also could be  
13 one of the two Pennsylvanians who die every day  
14 because they don't have healthcare coverage. They  
15 usually wait too long to see a doctor. We don't have  
16 an efficient way it seems to pay or utilize the  
17 healthcare system.

18           Often as a union and as a union  
19 representative, I'm asked why are we so involved in  
20 this fight. Our members or many of our members, most  
21 of our members, do have health insurance. So why does  
22 it matter to us? Well, we're proud of the fact that  
23 our members do have benefits and that we've been able  
24 to provide these to our members over the years. But  
25 those benefits are now in jeopardy and have been for

1 quite a few years. In the last ten years, we have  
2 witnessed healthcare premiums rise more than 83  
3 percent nationally. A recent report by the federal  
4 government's Centers for Medicare and Medicaid  
5 Services estimate that healthcare costs will double  
6 over the next ten years. In our state, a huge  
7 contributor to the increase in healthcare premiums is  
8 the estimated 767,000 uninsured Pennsylvanians who use  
9 the healthcare delivery system that I just discussed.  
10 They end up in the emergency room.

11 Our members end up paying that in a lot  
12 of different ways, though. One of the ways they end  
13 up paying it is the rates that we negotiate, the rates  
14 that our employers pay for our employees include a  
15 some type of percentage. I think Rosemarie said  
16 earlier it was seven percent. We've read things as  
17 high as ten percent. That our member's premiums cover  
18 --- ten percent of their premium is to cover the  
19 uninsured.

20 It's a hidden tax. It's a tax that's  
21 passed along to all of us. Not just our members but  
22 to every consumer in the State of Pennsylvania that  
23 actually does have healthcare. Many of the companies  
24 with whom we negotiate are now paying over \$1,000 and  
25 up to \$1,300 per person for healthcare benefits. Now,

1 that's family coverage, but that's an awful high  
2 premium. That's over \$15,000 a year per employee.  
3 Our members' employers pay more in a year for  
4 healthcare than what Wal-Mart pays two thirds of its  
5 employees in total annual salary. Where does that  
6 money come from? Well, the employers take it out of  
7 their profits, but it causes them to do less  
8 renovations, less expansion, less growth. And we all  
9 know less growth means you lose your population. You  
10 lose your business over time. If you don't grow, you  
11 die. Our members pay because the cost of their total  
12 compensation package has to take this into account.  
13 So they don't get the pension funding that maybe  
14 they're going to need 20 years down the road. They  
15 don't get the vacations, and they don't get numerous  
16 other things that maybe they should and they deserve.

17           When unionized companies are forced to  
18 increase prices or cut hours to make the bottom line,  
19 their union employees find themselves paying for the  
20 uninsured again because their hours are cut. Their  
21 wages can be affected. I heard on my way here today  
22 that I believe it was the Teamsters, and the  
23 Philadelphia Enquirer and Daily News actually are  
24 taking a pay cut to keep their employees --- their  
25 employer in business it said, because a lot of the

1 other companies aren't paying the healthcare. And I'm  
2 sure that's part. Over the last year the governor and  
3 the General Assembly have taken steps to reform  
4 healthcare in the Commonwealth. Passing PA ABC is the  
5 next step in advancing those reforms by expanding the  
6 number of Pennsylvanians who have coverage, at the  
7 same time spreading out the risk for those already in  
8 Adult Basic care and moving people out of emergency  
9 rooms. Pennsylvania ABC will also provide an  
10 opportunity for small business that currently does not  
11 provide benefits to buy into the program. Again,  
12 increasing the number of Pennsylvanians with coverage  
13 and further spreading the risk. This will not only  
14 spread the costs more equitably, but in doing so, it  
15 will lower costs for all of us by providing healthcare  
16 insurance to more Pennsylvanians and moving the  
17 uninsured out of the financially disastrous emergency  
18 room scenario.

19                   Mr. Chairman and members of the  
20 Committee, we urge you to support PA ABC because it  
21 will help control the increases in healthcare costs.  
22 It will bring the uninsured into established systems  
23 of prevention, early detection, early treatment and  
24 chronic care management. We will benefit if we can  
25 provide less costly front-end coverage through health



1 insurance rather than far more costly back-end,  
2 chronic and acute care. This isn't an anti-business  
3 measure. If we can drive down healthcare costs for  
4 everyone, we will help control the cost of doing  
5 business in Pennsylvania. As we go forward, we must  
6 keep in mind the need to spread the cost of paying for  
7 this program to all of Pennsylvania's employers.  
8 Responsible employers and their workers can no longer  
9 be asked to continue to shoulder the entire load while  
10 subsidizing their own competition. If you can do  
11 this, we pledge to you the full support of the 24,000  
12 members of Local 1776 in this historic endeavor. And  
13 on behalf of Wendell Young, IV, President of the  
14 United Food and Commercial Workers Local 1776, as well  
15 as our 24,000 members, let me thank you for giving me  
16 the opportunity to testify.

17 CHAIRMAN DELUCA:

18 Thank you. Let me just say one thing.  
19 You mentioned the fact that the reason you're  
20 testifying is because of the healthcare crisis in  
21 Pennsylvania. It's a healthcare crisis in the nation.  
22 Not just in Pennsylvania.

23 MS. MULLEN:

24 Absolutely. And if Washington invites me  
25 down, I'll change that.

1                   CHAIRMAN DELUCA:

2                   I just wanted to bring that out to you.  
3 And the fact is that both sides of the aisle are  
4 cognizant of the fact that we need to do something  
5 about healthcare, even though we have different  
6 approaches. But I'm sure as reasonable individuals  
7 that are concerned about the 12 million Pennsylvanians  
8 in the Commonwealth of Pennsylvania, we'll work on  
9 without a question to come up with some type of a plan  
10 that will help insure Pennsylvania. Any questions?

11                   REPRESENTATIVE BOYD:

12                   Yeah.

13                   CHAIRMAN DELUCA:

14                   Do you have questions?

15                   REPRESENTATIVE BOYD:

16                   Yeah.

17                   CHAIRMAN DELUCA:

18                   Okay. Representative Boyd?

19                   REPRESENTATIVE BOYD:

20                   If I may, Mr. Chairman. I appreciate  
21 your testimony.

22                   MS. MULLEN:

23                   Thank you.

24                   REPRESENTATIVE BOYD:

25                   I find myself agreeing with a lot of your

1 premises. I'm not so sure that PA ABC accomplishes  
2 maybe some of the things that you would hope it would.  
3 Particularly the issue of going after cost drivers.  
4 And if I understood the basic fundamental premise of  
5 your testimony, it's that if we pass ABC, it will  
6 expand coverage to more people and that will drive the  
7 cost down?

8 MS. MULLEN:

9 It will also ---. Yes. But it also ---  
10 and I think the biggest factor we're looking at is it  
11 will help people get the care they need when it  
12 becomes a \$100 doctor's visit as opposed to a \$10,000  
13 emergency room visit all for the same problem.

14 REPRESENTATIVE BOYD:

15 That point I agree with. I don't know  
16 that PA ABC in its current form as it currently exists  
17 accomplishes that. And here's why. You mentioned a  
18 hidden tax and the uninsured being covered or taken  
19 care of through a --- by coming to an emergency room.  
20 They get care. That's a hidden tax. There's also a  
21 hidden tax in artificially low government  
22 reimbursement rates for medical providers. And one of  
23 the concerns that some of us that didn't support the  
24 ABC in its current form, supported some of the  
25 premises, but not in its current form is that for a

1 physician or a provider to participate in the MCARE  
2 abatement program it was contained within ABC.  
3 Getting help with their malpractice insurance.

4 MS. MULLEN:

5 Uh-huh (yes).

6 REPRESENTATIVE BOYD:

7 They would be required to take patients  
8 out and take PA ABC. In that then the reimbursement  
9 rates that are negotiated by the private insurance  
10 carriers that would administer PA ABC particularly,  
11 the Blues, the physicians, the providers had no  
12 leverage to get decent rates. If government  
13 artificially lowers reimbursement rates to physicians  
14 for a procedure. As an example, you go to the doctor  
15 Medicaid pays \$30, private insurance pays \$80. What's  
16 it cost to go to the doctor? Probably somewhere  
17 between \$30 and \$80.

18 MS. MULLEN:

19 I don't know that anyone actually knows  
20 that today. Okay.

21 REPRESENTATIVE BOYD:

22 That's a very good question for the  
23 Chairman and I. And those of us on the Committee are  
24 working on the Pennsylvania Healthcare Cost  
25 Containment Council and Reimbursement reg for

1 providing that. That's for the next ---. But the  
2 point I'm trying to get to is that under ABC, there  
3 will be another layer of government provided programs  
4 that are going --- is going to provide for  
5 artificially low reimbursement rates. When medical  
6 providers receive artificially low reimbursement  
7 rates, they really have to make that money up  
8 someplace else. They make it up on the 92 percent of  
9 the private pay people who are actually getting or  
10 paying health insurance premiums whether it's through  
11 a business or through them personally. So I would  
12 contend that there's a hidden tax in ABC, too, and  
13 that is with the artificially low reimbursement rates.  
14 So I agree with the premise of trying to lower cost  
15 for everybody. I'm not sure ---. I think there's  
16 some things that we should do to ABC to get the other  
17 hidden tax that are in there. And I wanted to make  
18 sure that point was brought out in this hearing.  
19 There is --- the Caucus went in released PA ABC, had a  
20 discussion on the benefits of it and there was very  
21 little mentioned of lowering costs.

22                   It did mention, and to its credit, it  
23 would provide care for more people, but there really  
24 wasn't a lot of tools within PA ABC in my opinion ---  
25 this is strictly my opinion, that really got lowering

1 costs across the board. And based on your testimony,  
2 I'd love to continue to work with the Chairman in  
3 September in some of the vehicles that we have, the  
4 Healthcare Cost Containment Council getting  
5 reimbursement rates, Medicare reimbursement rates out  
6 there as a --- public record. Maybe even a component  
7 is actually increasing Medicaid reimbursement rates  
8 that take pressure off the private paying providers  
9 for --- I'm sure that it would take for those that are  
10 currently paying benefits. So I agree with your  
11 premise. I think we need to do some things to ABC to  
12 make it better in that regard. But thank you ---

13 MS. MULLEN:

14 Great.

15 REPRESENTATIVE BOYD:

16 --- very much for bringing that point up.

17 CHAIRMAN DELUCA:

18 Thank you, Representative Boyd.

19 Representative Shapiro?

20 REPRESENTATIVE SHAPIRO:

21 Thank you, Mr. Chairman. Just a brief  
22 comment. Eloise, thank you for your testimony and to  
23 Wendell and all of your members.

24 MS. MULLEN:

25 Thank you.

1                   REPRESENTATIVE SHAPIRO:

2                   And the fact that you're willing to come  
3 in off the sidelines. And truly you could say on the  
4 sidelines because your members are lucky that you  
5 fight for their benefits and you do so very well. But  
6 the fact that you're willing to engage in this debate  
7 means a lot to us, and it helps us do our jobs. I  
8 would just comment on something Representative Boyd  
9 said. And I would premise it by saying there are a  
10 few members on either side the aisle who have devoted  
11 as much time as Scott has to really trying to bring  
12 about healthcare change --- positive healthcare  
13 changes in Pennsylvania. But I would just point out  
14 one thing in terms of why I think your premise is a  
15 sound one and why ABC accomplished that. While we  
16 didn't have specific numbers in terms of what the  
17 reimbursement rates would be for individual  
18 procedures, we did have a model in mind when we did  
19 ABC. And, in fact, in many cases the 85 percent of  
20 Medicare that we would reimburse would be higher than  
21 what some private insurers reimbursed physicians today  
22 for the exact same procedures. So while that's not  
23 true across the board, it is in some cases. And we  
24 need to continue to work at the reimbursements both  
25 for private and for public. But it's something that I

1 think, you know, --- something that I think does  
2 bolster your point in that we are working through ABC  
3 to give adequate reimbursements to physicians just as  
4 we did with ABC in providing physicians and hospitals  
5 with a ten-year MCARE abatement and then phasing it  
6 out. I mean, we are looking as part of ABC not just  
7 to take care of those who are uninsured and we've done  
8 a very good job of doing that through the language and  
9 having the advocacy, and that helps, but also making  
10 sure that our doctors and our hospitals are well  
11 equipped to be able to provide the care, the quality  
12 care, that they do and then ultimately making sure  
13 that the insurer is reimbursed at adequate levels and  
14 that they can do their jobs effectively. So I  
15 appreciate your ---

16 MS. MULLEN:

17 Thank you.

18 REPRESENTATIVE SHAPIRO:

19 --- testimony and very much look forward  
20 to working together on this issue.

21 CHAIRMAN DELUCA:

22 Again, let me thank you and I want to  
23 comment the fact that Representative Boyd has  
24 certainly been working. But I want to bring something  
25 to this --- in this hearing too, because I have said



1 it many times. Healthcare. We are looking at costs.  
2 We have passed numerous bills to drive the costs,  
3 because we know we have to drive down the costs. But  
4 what's amazing to me, healthcare's a business. And I  
5 have yet to hear anybody who has made any money on  
6 businesses. The physician says we don't make any  
7 money. The hospitals don't make any money. The  
8 providers don't make any money. Yet our healthcare  
9 continues to go up and nobody makes any money. I  
10 don't know any business that could do that. But I  
11 guess in healthcare, you raise premiums and raise  
12 costs and not make no money. So I just wanted to  
13 bring that up. Thank you.

14 MS. MULLEN:

15 Thank you.

16 CHAIRMAN DELUCA:

17 Okay. The next individual to testify is  
18 Scott Crane. He's the Legislative Chair for  
19 Pennsylvania Association of Health Underwriters. Good  
20 afternoon, Scott.

21 MR. CRANE:

22 Nice to see you again. Thanks very much  
23 for inviting me down. First, I'd like to compliment  
24 the whole Insurance Committee for holding these  
25 hearings. But also I've had the opportunity to work

1 with many of you over the past two years visiting you  
2 in your offices, you know, both sides of the aisle and  
3 seeing all kinds of good things happening, and I want  
4 to compliment you on them. I don't know that you get  
5 complimented enough.

6 CHAIRMAN DELUCA:

7 Well, thank you.

8 MR. CRANE:

9 But first of all, just for the record my  
10 name is Scott Crane, and I am the Legislative Chairman  
11 for the Pennsylvania Association of Health  
12 Underwriters. And we're an association of insurance  
13 producers who specialize in health insurance and  
14 employee benefits. I happen to be in my real life, in  
15 my money making life, the Director of Employee  
16 Benefits for Tycor Benefit Administrations in Berwyn,  
17 Pennsylvania. Now, Tycor is a benefit consulting firm  
18 that works with small to medium-sized employers and  
19 individuals. And part of what happens to me everyday  
20 is I am the guy on the road that is dealing with these  
21 people as they're struggling with the increase in  
22 health costs, with decreasing access, you know, how do  
23 we handle the employees, and these are concerns that I  
24 deal with as a professional every day.

25 Now, I agree and, by the way, pay who

1 agrees that health insurance for all Americans is a  
2 goal that we want to try to achieve, universal  
3 healthcare. But our current method of providing these  
4 services is simply show up to the emergency room,  
5 demand care and do not pay. Needless to say, this is  
6 the most expensive and least efficient way to deliver  
7 effective healthcare. In theory, it would seem  
8 reasonable to assume that it is less expensive to  
9 provide health insurance and prevent acute, chronic  
10 and routine services from being conducted in the  
11 emergency rooms. And in today's hearing, I'm actually  
12 going to ask a number of rhetorical questions. I'm  
13 not asking you to answer those right now, but  
14 basically what I am doing is asking you to consider  
15 these questions thoroughly before passing or acting on  
16 the ABC plan. And because the real question is how do  
17 we provide financially responsible, and I say that  
18 again financially responsible, access to the  
19 healthcare for the citizens of Pennsylvania? I don't  
20 believe that we can adopt a one size fits all quasi-  
21 entitlement plan with a temporary funding mechanism.  
22 And I'll go into more detail --- or my testimony has a  
23 greater detail of what I mean by that.

24                   As evidenced by the states who have tried  
25 this approach, it just simply won't work. And I refer

1 to you to the various studies in Massachusetts,  
2 Tennessee, Maine and Connecticut. And, by the way, in  
3 the packets that I did provide you, I actually have  
4 articles on those. All of them are recent with the  
5 exception of Tennessee, which went bankrupt a few  
6 years ago, on the some of the problems of that. And  
7 just basically, you know, as a professional but also a  
8 taxpayer, I do not want to see Pennsylvania added to  
9 that list of state that have failed. So what is the  
10 answer? Pennsylvania has been recognized by the  
11 Congressional Research Service in their report to  
12 Congress as having one of the lowest numbers of  
13 uninsured in the whole country, so it's not a major  
14 problem. And thanks to Adult Basic and CHIP, we've  
15 made great strides so far in meeting the goal, and I  
16 think now is the time to build on those successes and  
17 not reinvent the system. As a society, we need to  
18 realize who is paying for universal healthcare and at  
19 what cost it is to us as individuals, as employers and  
20 as taxpayers. By asking some of the critical and  
21 basic questions, which I'll be happy to discuss any of  
22 them in detail at your convenience, we can get in the  
23 process of determining our best avenue to meet those  
24 goals.

25                                   The first one is what do we really want



1 the federal government to help support Medicaid is  
2 decreasing. So, yeah, we need to look for long-term  
3 funding sources, you know, for this problem. Should  
4 we impose consequences for not being insured? Do we  
5 want to mandate insurance? It's a question that has  
6 to be answered, because adverse selection sets in if  
7 you don't. So it's a balance. And the other question  
8 that I'm going to address in more detail is society  
9 best served by the private or public sector  
10 alternatives, and I'll get into what I mean by that in  
11 a moment.

12                   So what's the real cost of the plan? The  
13 cost of healthcare is a simple concept. It's the cost  
14 of providing a medical service. If one refuses to pay  
15 his bill or his insurance plan and does not pay the  
16 full cost of the care ---. And, by the way, my  
17 compliments between Representative DeLuca and  
18 Representative Boyd. You've stolen a lot of my  
19 thunder. Thank you. My compliments to you. If they  
20 don't pay the full cost of the medical procedure, it  
21 must be paid by someone else. The cost does not go  
22 away. The cost is there. For example, Medicare  
23 reimburses providers well below their cost to deliver  
24 the service. This shortfall is shifted onto everyone  
25 else, and this cost shift is a hidden tax. And the

1 person from the union who testified just prior to me  
2 pointed that out also.

3           It's time to have an open discussion  
4 about what is the real cost of healthcare before  
5 committing taxpayer dollars on new programs such as  
6 Access to Basic Care. In Pennsylvania some have  
7 argued --- and this was actually and I'm correcting  
8 this a little bit from extra questions that you asked  
9 earlier in Governor Rendell's original CAP program, he  
10 had made the statement that Access to Basic Care he  
11 could deliver that, add a prescription benefit, add  
12 mental and nervous and keep the cost at \$280. Well,  
13 any of us that are in the industry know that that's  
14 insane. Basically what he was saying is we're going  
15 to shift more of the hidden costs onto the people who  
16 are buying insurance, so just adding the burden on  
17 them and with their rates already going up at a  
18 tremendous rate, you're just accelerating the program  
19 of problems. But how can it be? It simply can't be  
20 done. And, you know, I talked about the other.

21           But what is actually happening with our  
22 system right now? As we grow a public sector program,  
23 which is represented by ABC, as the program grows, the  
24 healthcare providers shift more of the cost over to  
25 the private sector. Now the private sector, at least

1 in the verbal numbers that I have gotten from House  
2 members, is recognized, I believe, as 30 percent of  
3 the cost.

4                   So basically 30 percent of the Medicaid  
5 cost is being picked up by the private sector. In  
6 other words, that's the shortfall. If it costs a  
7 doctor \$100 to deliver a service, Medicare is paying  
8 \$70. They have to take that \$30 and ask somebody else  
9 to pay for it or they're out of business. So what  
10 happens is more of that shifts to the private sector.  
11 Now, in the private sector, the cost of the risk of  
12 insurance as that goes up, the premium has to go up.  
13 So what happens is the premium goes up. Fewer people  
14 can afford private sector insurance. So more of them  
15 go into the public sector, which is called crowd out.  
16 Okay. Expanding the public sector roles. Taking more  
17 of that 30 percent cost shift or hidden tax into the  
18 public sector. Okay. And what we have is an  
19 increasingly fast downward spiral. And finally, the  
20 end of that is you have no more private sector to pay  
21 for the public sector program in the worst case  
22 scenario. Now, I sensationalized that a little bit,  
23 but just to tell you what was going on. And for the  
24 record I sensationalized it. So it was really to get  
25 the point across.



1                   Now, most providers only have a limited  
2 capacity to absorb these less than adequate payments  
3 from government as they most have other profitable  
4 business to subsidize the shortfall. And a relative  
5 locally example is the hospital that recently closed  
6 down in East Falls. They didn't have enough public  
7 --- or private sector business to support their public  
8 service business. The hospital had no choice but to  
9 close. It just did. And, you know, that was the  
10 example. But the bottom line is we need to determine  
11 the realistic cost of the healthcare. You know, to  
12 think that Adult Basic costs \$280 is not proper. We  
13 need to look at what the real cost is. Say okay. We  
14 have cost shift there. Now, in addition --- you know,  
15 that's the other thing. And don't shift the costs  
16 elsewhere, because it doesn't go away.

17                   The second question that I was going to  
18 address in the verbal part of this testimony is what  
19 should the role of government be in healthcare. Is  
20 the answer to health insurance coverage all to be  
21 found within the public sector? And might I suggest  
22 the answer is no. The reason is now Rosemarie Greco  
23 discussed what the issues are in facing them. And I  
24 think a lot of the proposals that you have come up  
25 with in ABC are good things to shoot for. But where I

1 disagree with you in the proposals is do we deliver  
2 this program through a public sector or a private  
3 sector approach.

4           Because the need for covering the  
5 uninsured, the need for doing all those types of  
6 things is one problem, but then the other issue do you  
7 do that through a public insurance program or a  
8 private insurance program. All risk is insured.  
9 Okay. Because if I'm an individual out there, I can  
10 guarantee you this much I have an insurance risk.  
11 Now, I'm either going to take care of it through the  
12 public sector and say the government's going to pay  
13 for it, I'm going to take care of it through a private  
14 sector and get insurance through an insurance carrier  
15 whether it's through my employer or personally, or I'm  
16 going to self-insure. The risk doesn't go away, but  
17 it is there. So and what I'm suggesting to you that  
18 over time ---. Now, keep in mind for the record I am  
19 a capitalist. Okay. But let's keep that in mind.  
20 But over time, I believe in the capitalist model,  
21 because businesses succeed or fail if they deliver the  
22 types of services that the people want and need. If I  
23 do not deliver those services, I go out of business.  
24 On the public sector, you don't have that same  
25 momentum. For example, and this is just to give you

1 an idea, for those people who have bought insurance  
2 from a carrier, how long have they had prescription  
3 coverage. As far back as I can remember. Now, at the  
4 very beginning of my career some of the companies  
5 would offer you the option to buy it without  
6 prescription coverage. But prescription coverage for  
7 the full time that I've been within the industry has  
8 been available. Yet it took Medicare to just a couple  
9 years ago to add it. A government program. They  
10 added prescription coverage. And by the way, for the  
11 record, if they wanted to design something that could  
12 be so confusing that nobody could possibly understand  
13 it, they've done a phenomenal job for the record. But  
14 the thing is --- what I'm saying is over time  
15 government-run programs tend not to work as well.  
16 There's a whole bunch of reasons. The entitlement  
17 mentality where if you begin providing things for  
18 everybody --- and what I'm going to say on this is how  
19 many times have you gone into a show where they're  
20 trying to push some product and that type of thing and  
21 they're offering free pens, and you pick up a half or  
22 dozen or so pens whether you need it or not. Or one  
23 of the things that I'm guilty of is --- and our  
24 industry shows the people who are pushing dental  
25 insurance always have the free toothbrushes now. I

1 don't need them, but I always pick up a half a dozen  
2 toothbrushes because I feel entitled.

3           Well, the same thing happens in medical  
4 care. Because in medical care if you make something  
5 available to me and it's not costing me anything  
6 whether I really need or not I've now developed a  
7 need. So what that tends to do is that mentality will  
8 drive up the usage and the cost to us all. And  
9 without the proper things to stop that, you know, a  
10 politician has a very hard time saying no, and I don't  
11 mean that harshly or anything else. If I was in your  
12 position, you know, I'd be making the same choices.

13           But anyhow in conclusion, we ask that you  
14 do not move forward with the ABC proposal at this  
15 time. And basically these types of programs have  
16 failed in other states already. We ask that you first  
17 study the true cost. All the backup documentation is  
18 supplied. And instead we encourage you to partner  
19 with the private sector and develop those programs  
20 that are needed to insure those currently uninsured.  
21 And those have also been presented to you in the past.  
22 Thank you very much.

23                           CHAIRMAN DELUCA:

24           Thank you, Scott. Let me just say one  
25 thing. I'm talking about the ABC plan. And again, I

1 see you mentioned the fact of Massachusetts.

2 MR. CRANE:

3 Uh-huh (yes).

4 CHAIRMAN DELUCA:

5 And Massachusetts, if I'm not mistaken,  
6 mandated everybody have insurance?

7 MR. CRANE:

8 Yes.

9 CHAIRMAN DELUCA:

10 Does ABC do that?

11 MR. CRANE:

12 ABC does not do that.

13 CHAIRMAN DELUCA:

14 All right. Secondly, I have a different  
15 view on this situation. We keep wanting to address  
16 cost. And I believe costs got out of control years  
17 ago because of the private sector. And I say that  
18 because of the fact that it was easy for the private  
19 sector, the insurance industry to go to the insurance  
20 companies and to ask for a rate increase and nobody  
21 cared. Because we keep --- kept building the  
22 hospitals. We did away with the certificate of need.  
23 We kept putting in these stand-alone clinics --- not  
24 clinics, but stand-alone facilities that physicians  
25 own. And that's why we have Part I and II under the

1 Medicare proposal because of the fact that they were  
2 self-referring 10 to 12 to 1. It is a business. So  
3 there is a role for government to play to try to keep  
4 the costs under control.

5 MR. CRANE:

6 Right.

7 CHAIRMAN DELUCA:

8 But I don't know yet --- have you done a  
9 study to see what the uninsured, people who don't have  
10 insurance who are working who gets sick, what have  
11 they --- how much have they cost the business  
12 community as far as productivity? The person's small  
13 business can't afford to hire somebody to come in just  
14 to take that week or two off to come in and do that  
15 business or that work. Have you done a study on that,  
16 what it costs our small businesses for people who  
17 don't have insurance?

18 MR. CRANE:

19 I don't mean this to sound ---.

20 CHAIRMAN DELUCA:

21 No.

22 MR. CRANE:

23 No. We have not. But one of the things  
24 that I'll be testifying on tomorrow that's kind of the  
25 expanded thing that I'd like to see PHC-4 do.

1                   CHAIRMAN DELUCA:

2                   I have found that in my constituents and  
3 as a legislature for 20-some years, we really don't  
4 have any vision up here in Harrisburg. And when I say  
5 we don't have any vision, because we look at what  
6 things cost us today.

7                   MR. CRANE:

8                   Uh-huh (yes).

9                   CHAIRMAN DELUCA:

10                  We just passed the Colorectal Screening  
11 Cancer Screen, which we know for a fact can save money  
12 and save costs. And yet we had to fight for that  
13 bill. We would rather put somebody in the hospital  
14 with cancer. It costs tremendous --- millions of  
15 dollars. And not only devastating to the families of  
16 that individual who has a chance to die than  
17 prevention by giving those tests. Yeah, it's going to  
18 cost us money up front, but in the long run, we would  
19 save money. It depends on --- they talk about  
20 mandates, so it depends on, you know, if your family,  
21 god bless you, if you don't have any disease and you  
22 don't want the help. Same way with autism. God  
23 forbid any of us could have had an autism child, and  
24 we don't know, you know, what that would do to our  
25 families. So I mean when we look at stuff, you know,

1 it's easy to say we don't need this, we don't need  
2 that. But I'm just amazed that we keep talking about  
3 the private sector doing it. Yet when we had fee for  
4 service and that there, nobody came forward and said  
5 we can get a handle on these costs. That's why we had  
6 managed care come in. We should have been paying  
7 attention. But when you can easily go in there and  
8 raise people's premiums, what incentive is there for  
9 you to keep the cost down?

10 MR. CRANE:

11 Well, first of all I don't represent the  
12 carriers. And as an individual and somebody who's  
13 working with that, I think at one time, and I think  
14 going back quite a few years, your statement probably  
15 was much more correct than it is today. The thing is  
16 in taking a look at how many times have you heard  
17 different hospital groups stop serving Independence  
18 Blue Cross because they're not getting a fair deal.  
19 More and more of these things are being negotiated out  
20 of the networks. Okay.

21 Now, I personally think what is going to  
22 happen --- and this is not PAHU, this is just me  
23 observing. Okay. I think the next step is you're  
24 going to see the carriers going into the providers and  
25 saying, you know, I don't care that you got stuck with



1 this extra 30 percent of shortfall. That's your  
2 problem. Okay. This is what we're willing to pay.  
3 And I think it's coming down to that just because  
4 things are so difficult today. And I mean, I don't  
5 have all the answers.

6 CHAIRMAN DELUCA:

7 No. I'm not saying ---.

8 MR. CRANE:

9 And the thing is I appreciate talking  
10 with both sides of the House on areas that we agree  
11 with, on areas that we disagree with just because the  
12 conversation, I think, has been very, very productive,  
13 at least the process over the past 18 months.

14 CHAIRMAN DELUCA:

15 And that's how we get things done.

16 MR. CRANE:

17 Yeah.

18 CHAIRMAN DELUCA:

19 You know and I don't mean it that way,  
20 just so --- we're talking about costs. Out in the  
21 west here, we have UPMC hospitals out there and I  
22 can't get over the fact that as costs continue to rise  
23 in healthcare that UPMC could spend \$750,000 to put a  
24 sign up. Now, that is ludicrous to me. Somewhere  
25 along the line we need to get a handle on it. And I

1 get these beautiful brochures from the hospitals.  
2 They cost a tremendous amount of money. And I don't  
3 know anybody who goes and looks and says well I'm  
4 going to that hospital. They're going to go to the  
5 hospital their doctor sends --- would you agree with  
6 that?

7 MR. CRANE:

8 Absolutely.

9 CHAIRMAN DELUCA:

10 So why do we need to advertise?

11 MR. CRANE:

12 That I can't answer.

13 CHAIRMAN DELUCA:

14 And why do we need to buy these boxes in  
15 the stadium? We talk about private sector ---.

16 MR. CRANE:

17 Do you remember that old movie Dave? Do  
18 you remember that old movie Dave, where the guy looked  
19 like the president and he took over the spot? Do you  
20 remember that?

21 CHAIRMAN DELUCA:

22 Yeah.

23 MR. CRANE:

24 Okay. Remember when he sat there and  
25 said, okay, instead of having that big sign for the

1 hospital --- are you telling me that sign's more  
2 important than taking care of 16 --- you know, 6  
3 children?

4 CHAIRMAN DELUCA:

5 That's the stuff that we need to get a  
6 handle on.

7 MR. CRANE:

8 Thank you.

9 CHAIRMAN DELUCA:

10 Do you have any questions? Do you have  
11 any questions?

12 REPRESENTATIVE TAYLOR:

13 Thank you for taking the time ---

14 MR. CRANE:

15 Thank you.

16 REPRESENTATIVE TAYLOR:

17 --- to testify today. We really do  
18 appreciate that, Mr. Crane. I looked at Rosemarie's  
19 Greco's testimony, and she said PA ABC is not and CAP  
20 is not an entitlement program. Whether I'm agreeing,  
21 I'm not sure. This would become an entitlement  
22 program.

23 MR. CRANE:

24 Our official view is that it's the next  
25 step toward a single payer system. Okay. To be very,

1 you know, blunt without it. Now, that being said, we  
2 recognize the need to take care of the people that are  
3 uninsured. And, you know, if you're sitting there as  
4 one of those unfortunate people that do not have  
5 insurance through no fault of your own, the process  
6 isn't moving fast enough. So I mean we recognize  
7 that. You know, we're not the evil empire or ---.

8 REPRESENTATIVE TAYLOR:

9 You provided very thoughtful testimony of  
10 insurance based one-on-one signs of economic policy  
11 and so ---.

12 MR. CRANE:

13 Yeah. And that's what we're saying.  
14 That's a process that, you know, both sides have to go  
15 through. All I'm suggesting is that as you're going  
16 through things, do not --- I'm asking you not to  
17 shortcut the ability of the private sector. One of  
18 the things that I make my living on is taking whatever  
19 the carriers end up deciding and whatever the  
20 government ends up deciding, I try to decipher and put  
21 it into talking terms that the regular public can  
22 understand. And I have a lot of conversation with it.  
23 I live, breathe this stuff. You know, my wife tells  
24 me I talk about it in my sleep. So it's just I'm  
25 trying to share with you what I've learned basically

1 from the streets. And I do know what you guys are  
2 looking at, and I appreciate it.

3 CHAIRMAN DELUCA:

4 Scott, I want to thank you, and that's  
5 why we have these hearings to hear the testimony. And  
6 we take this stuff --- you know, these hearings inform  
7 us and it's give and take. And as I said before, we  
8 all recognize it's a problem. We're working  
9 bipartisanly to address it. Do we have all the  
10 answers, either side? No. And maybe working together  
11 and hearing testimony from individuals like yourself,  
12 we can come up with an answer. Is it going to be a  
13 cure all for everything? No. Thank you very much.

14 MR. CRANE:

15 Thank you.

16 CHAIRMAN DELUCA:

17 The next individual to testify is Doctor  
18 Goodyear. He's the President of Montgomery County  
19 Medical Association. Welcome, Doctor.

20 DOCTOR GOODYEAR:

21 Thank you. One of the benefits of going  
22 last is there's nothing better to follow.

23 CHAIRMAN DELUCA:

24 Well, we got one more ---.

25 DOCTOR GOODYEAR:

1           Oh, I'm sorry. Then maybe there is.  
2 Good afternoon. My name is Jim Goodyear. I'm a  
3 practicing general surgeon here in Montgomery County  
4 and Chairman of the Montgomery County Medical Society.  
5 I don't have a long or detailed formal testimony to  
6 present today, but I've written out some brief,  
7 personal thoughts I'd like to share with you before  
8 attempting to answer from my personal prospective any  
9 questions that the committee may have. Healthcare  
10 reform by its very nature is a monumental undertaking,  
11 and I applaud Chairman DeLuca, members of this  
12 Committee and the General Assembly for its efforts to  
13 prioritize this issue. I also applaud the numerous  
14 healthcare reform issues that have already been  
15 alluded to by the Chairman and Director Greco.  
16 Reforming our healthcare delivery system is, in my  
17 mind, complex. It's as complex as the human body  
18 itself.

19           There are many interrelated parts to this  
20 issue so profoundly interdependent one with another  
21 that it's virtually impossible to calculate with any  
22 degree of accuracy how altering one element will  
23 affect another or affect the system as a whole.  
24 Clearly our existing system needs to evolve. I'm  
25 neither a policy maker nor a politician. I am a

1 physician for which I am proud. I do not envy the  
2 position with which you currently find yourselves.  
3 This is a daunting task. As a surgeon, when I enter  
4 an operating room, my only concern is for the health  
5 and safety of my patient who has entrusted me to  
6 represent them and care for them. I take very  
7 seriously the Hippocratic Oath that I took when I  
8 graduated from medical school. Back then as a native  
9 Pennsylvanian, I willingly chose to both train and  
10 stay here within the Commonwealth. When it comes to  
11 healthcare reform, it would be my hope that you will  
12 also strive to do no harm to those elements of our  
13 healthcare delivery system that are working and  
14 carefully consider to the best of your ability the  
15 potential consequences that exist when addressing this  
16 issue. Attempting to find a way to provide coverage  
17 for Pennsylvania's uninsured and underinsured is a  
18 laudable endeavor.

19                   However, in attempting to extend basic  
20 coverage to this valuable group of citizens so well  
21 articulated by Ms. Robinson earlier, maintaining  
22 adequate access to safe and effective healthcare to  
23 all Pennsylvanians cannot be simultaneously lost nor  
24 compromised in the process. It is critically  
25 important for the success of this or any proposed

1 program addressing coverage for the un or underinsured  
2 that physician retention and new physician recruitment  
3 into Pennsylvania first be addressed by continuing  
4 MCARE abatement as long as assessments are being  
5 charged and by agreeing to a commitment to retire the  
6 MCARE fund in the future. I believe that all of these  
7 issues can be addressed, but not one at the peril of  
8 the other. One brief comment that I'd like to make  
9 related to the primary topic at hand here today as  
10 well as it's been well articulated by Representative  
11 Boyd is that under the PA ABC as currently written and  
12 as I understand it physicians will have no leverage in  
13 negotiating reimbursement rates especially since  
14 insurance would know that their participation in the  
15 program is mandated. This will create significant  
16 angst among the physician community. Furthermore,  
17 fees tied to Medicare or equal to those provided under  
18 medical assistance would in many cases fall below the  
19 cost of providing that particular service, which again  
20 as was mentioned will cause a cost shifting.

21 I look forward to the attention alluded  
22 to by Representative Shapiro on this issue. Clearly  
23 as I stated earlier, it's inevitable for evolution in  
24 the healthcare system to occur. I'm not at all  
25 adverse to change. In my profession, change often



1 comes at lightning speed. Protocols change overnight,  
2 medications are constantly being improved and  
3 innovations in surgical procedures continue to amaze  
4 me. But as you can tell, I love my profession and  
5 love very much what I do in caring for my patients.  
6 Rather than trying to address all the pros and cons of  
7 PA ABC as I see it, I'll just conclude my testimony or  
8 statement here and answer any questions that you may  
9 have.

10 CHAIRMAN DELUCA:

11 Well, I want to thank you, Doctor, for  
12 taking the time. I know you have a busy schedule  
13 there. Are there any questions for the Doctor? No  
14 questions. Let me just say, Doctor, we understand how  
15 valuable your profession is. The only thing I would  
16 like to address is that right now you have no say to  
17 what they pay now. Do you have qualms with what they  
18 pay you for imbursement?

19 DOCTOR GOODYEAR:

20 I could negotiate with independent  
21 private insurers, but it's pretty much --- as you  
22 probably know, it's a very monopolistic system here in  
23 Pennsylvania.

24 CHAIRMAN DELUCA:

25 That's what I'm saying you don't

1 have ---.

2 DOCTOR GOODYEAR:

3 You have a say of either taking it or  
4 leaving it and not caring for the patient.

5 CHAIRMAN DELUCA:

6 So you don't have much ---?

7 DOCTOR GOODYEAR:

8 No. It's very superficial.

9 CHAIRMAN DELUCA:

10 Again thank you, Doctor.

11 DOCTOR GOODYEAR:

12 Thank you.

13 CHAIRMAN DELUCA:

14 The last individual to testify is Mark  
15 Stier. He's the State Director of the Healthcare for  
16 America Now. Thank you, Mark, for coming.

17 MR. STIER:

18 Thank you, Mr. Chairman and members of  
19 the committee. I'm actually between jobs today. This  
20 is my last day as the Healthcare Campaign Manager for  
21 Service Employees International Union of Pennsylvania  
22 State Council and my first day as the State Director  
23 of Healthcare for America Now, so I'm going to speak  
24 from both perspectives. First, I want to thank you  
25 for the opportunity to appear before you and thank you

1 for coming here. I want to thank Chairman DeLuca in  
2 particular for the leadership you've shown in this  
3 issue particularly on cost containment and on the  
4 regulation of the insurance industry.

5 CHAIRMAN DELUCA:

6 Thank you.

7 MR. STIER:

8 And I want to thank Representative Rick  
9 Taylor for bringing a hearing to Montgomery County  
10 where we have so many members in SEIU and where people  
11 really need to understand just how important this  
12 issue is and thank him for his leadership on this  
13 issue. The first thing I want to talk about is how  
14 important PA ABC and the health insurance reforms are  
15 to everyone, not just to the uninsured. The 60,000  
16 members of SEIU in Pennsylvania are mostly insured,  
17 but we care about this issue for the same reason that  
18 Ms. Mullen of the UFCW cares about it, because we  
19 think that insuring more of the uninsured will reduce  
20 costs for everyone. And that's a critical thing for  
21 people particularly in this county where the uninsured  
22 rate is relatively low to here, because the people  
23 here who have insurance are paying more than they  
24 should because of cost shifting from the uninsured.  
25 This has been discussed in some detail.

1           I don't want to belabor the point. But I  
2 do want to respond to some of the concerns  
3 Representative Boyd raised earlier. I think they're  
4 very serious about another kind of cost shifting that  
5 might occur from doctors who would be reimbursed less  
6 in this program than they'd like to be and might  
7 charge more to private insurers. I think it's really  
8 important to look at healthcare reform as a package.  
9 We can't just look at PA ABC. We have to look at it  
10 in the context of some of the other things that this  
11 Committee has done already and that has passed some  
12 legislation to control costs that passed in both  
13 Houses and has been signed by the governor. I think  
14 we have to look at PA ABC in the context of HB 2005,  
15 which is a couple of very important provisions which  
16 would control costs. One would give the Insurance  
17 Commission the power to not just control rates for  
18 small businesses, but to ensure that when costs are  
19 reduced that those cost reductions are passed onto  
20 consumers. And a second provision that would require  
21 that in a small individual insurance market, 85  
22 percent of premiums go to actually paying for  
23 healthcare, not for advertising or administrative  
24 costs.

25           I think those are really critical

1 provisions, and I think if you look at PA ABC in the  
2 context of this broader effort to control healthcare  
3 costs, I think the concern about cost shifting from  
4 the public to the private sector is less serious.  
5 Second point I want to make about that is to keep in  
6 mind that another aspect of SB 1137 is to deal with  
7 the MCARE issue. It's really important when we talk  
8 about doctors being concerned about the amount of  
9 money they make to recognize that Pennsylvania  
10 taxpayers have already paid \$1.9 billion in taxes to  
11 help doctors pay their medical malpractice insurance.  
12 Under 1137 in the next ten years, I believe it's  
13 another two or three billion dollars, I don't remember  
14 the exact amount, will go from taxpayers to help  
15 reduce malpractice costs. I think for doctors to ---  
16 or the insurance companies to say well, doctors are  
17 going to have to shift a lot of costs. In the context  
18 of just looking at the PA ABC program, it is very  
19 unfair. They need to look at the situation with  
20 doctors as a whole and keep in mind the taxpayers are  
21 doing an enormous amount to help retain doctors by  
22 helping control their malpractice expenses.

23                   And a third point I want to make is that  
24 I think I agree with Representative Boyd. We are a  
25 little concerned, and I say you and also the

1 Pennsylvania Health Access Network, about  
2 reimbursement rates. And I think it's certainly  
3 something that is worth considering as the details  
4 proposal is negotiated between the House and the  
5 Senate. And we hope --- very much hope something will  
6 be moving to the Senate relatively soon.

7           Second thing I want to do is I want to  
8 put our Pennsylvania debate in a little bit broader  
9 context. As I said, I'm the new State Director of the  
10 Healthcare for America Now campaign, and that's a  
11 nationwide effort to build support for healthcare  
12 reform. We at HCAN believe that this really is the  
13 moment for serious healthcare reform in America. In  
14 fact, I think you all know that real reform is coming.  
15 Rising healthcare costs and rising health insurance  
16 premiums are creating a crisis that, as Chairman  
17 DeLuca said earlier, is a nationwide crisis, not just  
18 a crisis in Pennsylvania. Individuals and employers  
19 are going to demand reform. The only question is what  
20 direction it's going to take. Right now it seems that  
21 there are two options.

22           Health insurers and their nationwide  
23 organization, AHIP, which launched a couple of weeks  
24 after HCAN launched, are already gearing up for the  
25 kinds of reform that will boost their profits while

1 undermining the effort to make quality, affordable  
2 healthcare available to all of us. They call for  
3 market-based solutions such as high deductible health  
4 plans and health savings accounts that will be paid  
5 for by ending the tax deductibility of employer-based  
6 health insurance. That direction will leave many  
7 American citizens uninsured and others at the mercy of  
8 insurance companies that raise premiums and drop the  
9 coverage whenever it suits them.

10           The other alternative, which we at  
11 Healthcare for America Now support, is to use the  
12 power of government to reshape the healthcare market  
13 so that we put people before profits. We do not  
14 believe that the private health insurance industry  
15 should be eliminated. However, the health insurance  
16 industry must be regulated so that insurance companies  
17 can only make money the old fashioned way by insuring  
18 more people, not by the way they try to make money  
19 today, by denying coverage and care to those who most  
20 need health insurance. And we must supplement private  
21 insurance with a public health insurance program that  
22 can control costs by drawing on the administrative  
23 efficiencies and buying power that comes with a large  
24 insurance pool.

25           And I think that's the other answer to

1 the question about how PA ABC can afford to provide  
2 insurance for \$313 a month. It's going to create a  
3 big pool that will be administratively effective and  
4 can negotiate cost controls. It was interesting to  
5 hear the representative from the insurance industry  
6 talk about the efficiency of the private market. I  
7 think that in general is true. We are all capitalists  
8 here. We all support the private market. But it's  
9 very important to keep in mind that the insurance  
10 industry's been fighting HB 2005, which requires them  
11 to put 85 percent of their premium money into  
12 healthcare as proposed to administrative costs. They  
13 want to keep the administrative costs above 15  
14 percent. Administrative costs for the Medicare  
15 program in this country are two percent. Two percent  
16 as opposed to 15 percent. So in this industry, I  
17 don't think you can make the claim that the private  
18 sector's always more efficient than the public sector.  
19 We know as a matter of empirical evidence, not as a  
20 matter of theory, that public sector programs can be  
21 very efficient.

22                   So we in HCAN are asking citizens and  
23 political leaders which side are you on in the  
24 struggle between two competing visions of healthcare  
25 reform. Are you on the side of healthcare for people?



1 Are you on the side of profits for health insurance  
2 companies?

3           So I suggest we look at what we're doing  
4 in Pennsylvania in the context of this national  
5 debate, albeit at a smaller scale. SB 1137 and HB  
6 2005 do not create the public insurance program or the  
7 regulation of private insurance that we will  
8 ultimately need nationwide. But they move in that  
9 direction, and because they do, they can contribute a  
10 deal to improving the financial and medical wellbeing  
11 of the citizens of Pennsylvania while we wait for the  
12 broader reforms that we know are coming at the federal  
13 level. And by adopting these programs this year, the  
14 General Assembly will show the whole nation which side  
15 Pennsylvania is on in the broad struggle for  
16 healthcare reform. Thank you very much.

17           CHAIRMAN DELUCA:

18           Thank you, Mark, for your testimony.  
19 Excellent testimony. Any questions?

20           REPRESENTATIVE QUINN:

21           Yes.

22           CHAIRMAN DELUCA:

23           Representative Quinn?

24           REPRESENTATIVE QUINN:

25           Sir, you make this so simple. Which side

1 are you on? And quite frankly, I resent that. It is  
2 not that simple. It's not about insurance company  
3 profits or healthcare for people. I mean, you put it  
4 on us like it's a we, them. But, you know, people ---  
5 we've already paid enough taxes and helped our doctors  
6 out with that. I mean, I think it's imperative that  
7 we keep in mind here that we could have the best  
8 healthcare system in the world, but if you don't have  
9 doctors here in Pennsylvania to administer to our  
10 health, to take care of us, so what. And I just want  
11 to point out to you that, you know, yes, there's a  
12 situation with regard to malpractice has gotten better  
13 in the last couple of years. But we still --- we're  
14 not holding on --- we're not getting new doctors. Our  
15 doctors are aging. And I ask you as you take this not  
16 just in Pennsylvania, but nationally to not just put a  
17 line down the center. Which side are you on? Because  
18 members on both sides are working very hard, it's not  
19 a black or white situation.

20 MR. STIER:

21 Well, let me first put out that when I  
22 say which side are you on I don't mean which side you  
23 are on the partisan divide.

24 REPRESENTATIVE QUINN:

25 I didn't take it as that.

1                   MR. STIER:

2                   I don't think it should be a partisan  
3 issue, and I think one of the things that we're very  
4 happy about in SEIU is how much republican support  
5 there was for PA ABC in the house. And we believe  
6 there's a lot of support on the republican side of the  
7 aisle for the program in the Senate as well, and if we  
8 could ever get the leadership to allow this to come to  
9 the floor, we think we would find there would be  
10 bipartisan support there as well. So it's not a  
11 partisan issue.

12                   REPRESENTATIVE QUINN:

13                   You're reading into it. I never spoke  
14 partisan. I'm taking right from your notes, which  
15 side are you on in the struggle between two competing  
16 issues of the healthcare reform. Are you on the side  
17 of the healthcare for people, or on the side of  
18 profits for insurance companies? I'm just saying to  
19 you it's not that simple. I had nothing to do with  
20 republican, democrat in this. Now, that you point it  
21 out like that, it ticks me off even a little bit more.  
22 I mean, you know, I can remember the --- I was back by  
23 the water cooler during some of this debates and  
24 someone said to me, a colleague, you know, why are you  
25 coming out for the donks. And I think it's not that

1 --- who you want to serve you? Who you want to take  
2 care of you if we can't have doctors? About a month  
3 ago I did some personal research at the Harrisburg  
4 Hospital a couple of blocks away from the capital.  
5 For the last ten years they have two residents a year  
6 and they kept one resident in this state to service.  
7 I mean what solution do you have for the doctors?

8 MR. STIER:

9 Let me first say that when I say which  
10 side are you on I do believe there's a real divide  
11 between the insurance company vision of reform and a  
12 broader vision which encompasses lots of other people  
13 including doctors. An important physician's group is  
14 part of the Healthcare for America Now Coalition.  
15 When it comes to doctors I think we often get stories  
16 that are hysterical about the doctors leaving the  
17 state. My wife actually is a physician, and she  
18 actually works in medical school training doctors  
19 here. Pennsylvania has been a net exporter of doctors  
20 since the 18th century. And if you hear that doctors  
21 are leaving the state, of course, they're leaving the  
22 state. We train so many doctors in Philadelphia alone  
23 that they couldn't possibly stay here. We've been  
24 exporting them, as I said, for almost 200 years. So I  
25 don't think there is a problem when you hear that

1 doctors are leaving. They have to leave. The  
2 question is, are enough doctors staying to take care  
3 of people in Pennsylvania. That's the critical issue,  
4 and I think we've been addressing that issue. And I  
5 think SB 1137 has a program for dealing with the  
6 malpractice crisis for ending MCARE, which I think  
7 everyone wants to see happen, for paying off the tail  
8 that is actually very favorable to doctors. And there  
9 are a lot of physicians in the state who are very  
10 supportive of SB 1137. Not the BMS, unfortunately,  
11 but assuming many other doctors who have attended our  
12 rallies and spoken with the Pennsylvania Health Access  
13 Network.

14 REPRESENTATIVE QUINN:

15 I sit next to Cathy Watson,  
16 Representative Watson, on the House floor and we have  
17 districts right here next to each other, so I'm going  
18 to let her take this up, because I can feel her ---.

19 CHAIRMAN DELUCA:

20 Representative Watson?

21 REPRESENTATIVE WATSON:

22 With your permission, Mr. Chairman. I  
23 have no intention --- I actually disagree with the  
24 things that you said. But I guess you're the visitor,  
25 and I'm a member of the Committee and ---.

1                   CHAIRMAN DELUCA:

2                   Well, you certainly can say ---.

3                   REPRESENTATIVE WATSON:

4                   I will be polite. But that's it. No. I  
5 really have to get to --- I, too, was pained when I  
6 listened. I thought I wish it was that simple, that  
7 we could have a divide and I certainly don't speak for  
8 insurance companies. That's another whole story,  
9 probably why I'm not in insurance, maybe from some  
10 comments that I've made over time that I've been in  
11 Harrisburg. But very seriously, I refer you to  
12 Rosemarie Greco's testimony and a little diagram that  
13 she uses with the little puzzle piece made up --- or  
14 the Keystone symbol made up of little pieces of the  
15 puzzle and that's the whole point. This is very  
16 complicated. I wish that this were as simple as you  
17 reported it, because then, first of all, Mr. Chairman,  
18 who's been here for a number of years, much longer  
19 than I, you'd have solved it before a lot of us got  
20 here. So that would be great. Number two, the  
21 comment that well the doctors have always left, you're  
22 right. And I'm particularly --- having spent most of  
23 my life living somewhere in the southeast, I'm very  
24 familiar. As a graduate of the University of  
25 Pennsylvania, I also have the option of getting back

1 in touch with people, and I would put you in touch  
2 with people who would tell you while we naturally  
3 train doctors who go out across the United States  
4 often at the expense by the Pennsylvania taxpayers we  
5 help do this for our fine medical schools particular  
6 here in the southeast.

7                   We have always been able to retain more  
8 than enough, the brightest and the best. I would  
9 suggest that folks in Montgomery County who are here  
10 represent that and certainly folks in Bucks County.  
11 We have. We don't do that anymore. Penn is down to  
12 where six percent will stay in Pennsylvania. It was  
13 much higher over the years. And to suggest well,  
14 they're still there and still provide care, I would  
15 refer you to my internists. Very good people working  
16 in Doylestown. Been in practice for years. Look how  
17 old I am? And they've taken care of me. But in any  
18 event, the third person they got in, when the oldest  
19 brother in practice became incapacitated and really  
20 shouldn't have worked, left and ultimately did pass  
21 away, it took them a number of years to find someone.  
22 They did. He was wonderful, relatively young in  
23 doctor terms, that means mid-30s, because you spend  
24 all that time learning the profession. And he left  
25 after three years. He's in Wisconsin with his family.

1 He came to Doylestown and was not from the area. He  
2 came deliberately because he had family in the area,  
3 but it was too expensive for him to stay and he had  
4 four children to raise. He was wonderful. He was  
5 bright. I don't get --- my guys that are left, the  
6 two that are in the practice, they cannot. I refer  
7 you to my district to Grand View Hospital, and they  
8 cannot maintain and do not have a neurosurgeon on  
9 staff, because they can't get anybody. It doesn't  
10 mean they won't pay them.

11                   Mr. Chairman talks about profit. They'd  
12 be willing to see that he made a profit or she, of  
13 course. They can't find anybody to do that. So I  
14 wanted people particularly that tune in or listen to  
15 this, or whatever, understand we can't be, my word not  
16 yours, but flipping about or talking big terms that  
17 it's this or it's that. Scott and I had the  
18 opportunity, we've alluded to working together on a  
19 committee for healthcare reform. We've spent 18  
20 months. At the very least we think we've learned a  
21 lot. At the very least we learned there are no  
22 absolutes and there's no easy answer. Because we know  
23 that some of our veteran legislators would have  
24 figured it out if there were. And I guess when I hear  
25 things like and all the doctors here, this and that,



1 that's not true. It's an intricate part.  
2 Representative Quinn's point is well taken. It does  
3 no good if I solve this half of this whole equation.  
4 But the bottom line is there is no doctor to treat me.  
5 We all have coverage. We all have access including  
6 your sister, but she has nobody to go to, because  
7 first of all they're all retiring because average age  
8 of a physician in Pennsylvania is somewhere in the  
9 late 40s, early 50s. Honest. We've done our homework  
10 and know that. So I'm sorry. I appreciate the fact  
11 that we can't all work together, but we can't reduce  
12 things to kind of just a simple easy answer that  
13 doesn't exist. Thank you, Mr. Chairman.

14 CHAIRMAN DELUCA:

15 Again I thank you, Mark. Thank you for  
16 your comments. Any questions ---?

17 REPRESENTATIVE BIANUCCI:

18 I didn't have a question. I just wanted  
19 to make a comment.

20 CHAIRMAN DELUCA:

21 Sure. Go ahead.

22 REPRESENTATIVE BIANUCCI:

23 I've been a member of the Insurance  
24 Committee, and prior to that I was a staffer and my  
25 predecessor was the Chairman of the Insurance

1 Committee. I just want to make a couple comments on  
2 most of the testimony that came up today. First of  
3 all from my perspective this situation, this issue is  
4 a multi-faceted problem that comes at you from many  
5 different directions. I commend the doctor for his  
6 testimony today. I understand. I've been here lot of  
7 years, again, as a staffer and as a rep. From a  
8 consumer's side of this thing, we're dealing with the  
9 uninsured, the underinsured. This is helping drive up  
10 cost. The docs, the biggest complaint that I hear  
11 from them is the reimbursement, the fact that we can't  
12 retain physicians. I mean, these are the things that  
13 we need to look at and we need to study and we need  
14 everybody at the table.

15           For us to sit and talk about things that  
16 are going on here and not being constructive. I'm  
17 also a member of the Professional Licensure Committee.  
18 From that perspective, I get to see things from both  
19 ends. We have done a lot of things where we have  
20 addressed the scope of practice that we're trying to  
21 do some things in Pennsylvania to allow Pennsylvanians  
22 to have more access to more affordable healthcare  
23 insurance. We will continue to address that. I think  
24 in the last year, we have passed more legislation to  
25 help that issue. Another problem that we face in

1 Pennsylvania from an insurer's perspective, we have  
2 many in Congress that are making decisions that are  
3 not helping doctors. This is just what I get in all  
4 the testimony that we get. You got somebody that's  
5 sitting there ---. And you got to understand  
6 something. In my form of profession, I was not a  
7 doctor, not an attorney. I was a band director. So I  
8 have no idea what I'm talking about other than to tell  
9 you what I get when I go to hearings. You get  
10 somebody --- as a staffer, you get more. You can ask  
11 Rick and ask the staff. When you got to deal with  
12 those phone calls, when I was a staffer I got more  
13 than being a rep. When you got somebody that calls  
14 you and tells you I need medication and my doctor's  
15 telling me they want to give it to me, but somebody's  
16 saying you can't do it, then it became my job to make  
17 the phone calls. And when I made the phone calls, I  
18 was shocked at what I was being told. You can't get  
19 it because right now it's experimental. Well,  
20 shouldn't we be doing things for people? As the  
21 Chairman said earlier, shouldn't we be making this ---  
22 shouldn't we have these people have access to this.  
23 If they're willing to try it and it's experimental,  
24 and the doctor is saying there's a possibility,  
25 shouldn't we allow this to happen? We're being

1 restricted. So I think, you know, although this is  
2 not the answer. Okay. These are issues that I think  
3 at least on the House side our republican  
4 counterparts, democratic counterparts, Scott and Cathy  
5 have fought this issue. Tony has. Todd Eachus has  
6 fought this issue. All we're asking for is let us all  
7 come to the table and let's come up with a consensus.  
8 And I think this is what we need to do. So I applaud  
9 you for your efforts. I know you're trying. Okay.  
10 And sometimes it is trying. Okay. So I think this is  
11 what we need to look at. Okay.

12 In closing, just one thing. All right.  
13 I think when all of this began with Adult Basic there  
14 were more people on the waiting list than were  
15 actually being covered. And I think with ABC and  
16 everything else, we're trying to open this up and get  
17 more people involved. Do we have all the answers?  
18 No. But this is why we're going around trying to get  
19 testimony. So I thank all of you for your  
20 contribution and, you know, hopefully sooner or later  
21 we'll get it right. We'll sit down, we'll talk about  
22 it and we'll get it right and make things happen in  
23 Pennsylvania.

24 CHAIRMAN DELUCA:  
25 Representative Boyd?

1                   REPRESENTATIVE BOYD:

2                   Thank you, Mr. Chairman. I'll try to  
3 make it brief. Appreciate Vince's comments at the  
4 end. I want to commend Chairman DeLuca for the times  
5 that we have really worked hard together to try and  
6 come up with solutions to this issue. And the one  
7 thing you said I'll agree with is PA ABC doesn't work  
8 in a vacuum. In and of itself, there needs to be  
9 other things with it, and that's some of the things  
10 that we've been arguing or going about --- or  
11 discussing I should say. I don't want to say arguing,  
12 because we don't argue. We really work together with  
13 different opinions at times. I would suggest to you  
14 that you're wrong on the pool. The pool in ABC is  
15 simply only going to be as big as the dollars that are  
16 available to it. It's not a universal program. So  
17 the pool doesn't get big. Adverse selection will be a  
18 part of ABC. I'm sorry, but you're fundamentally  
19 wrong on that purpose. I would like to ask you this  
20 question. Is cost an issue? The cost of healthcare?

21                   MR. STIER:

22                   Sure. Absolutely.

23                   REPRESENTATIVE BOYD:

24                   Okay. What defines cost in our system?

25                   MR. STIER:

1 I'm not quite sure what you're getting  
2 at.

3 REPRESENTATIVE BOYD:

4 Basic economics. What defines cost?  
5 Supply and demand. Supply and demand defines cost.  
6 It has since Adam Smith. Adam Smith wrote The Wealth  
7 of Nations. And it continues to define cost. And it  
8 defines the cost of healthcare. Without physicians,  
9 cost goes up. In a government controlled market, that  
10 is artificially injecting government control.  
11 Medicare reimbursement rates being less than market  
12 value. Medicaid reimbursement rates being less than  
13 market value drive cost for the private sector. Those  
14 are fundamental economic axioms that we can't deny.  
15 This mutated system that we've devolved and we've come  
16 up with, which is a system of partial private pay and  
17 partial public pay, is not controlling costs.

18 So the fundamental question is if cost is  
19 the issue, what's the best way to control it. When  
20 you come down to your fundamental discussion of it,  
21 it's either this way or that way, the real question is  
22 government going to control the cost of healthcare or  
23 are market forces. Because right now we don't have  
24 either one in control.

25 And the last point that I would make is

1 that the worse thing that we can do in a situation  
2 right now is to have statements like this is, you  
3 know, we're at a crossroads and this is the  
4 fundamental, you know, you're either for us or against  
5 us on these basic premises. And the reason I'm going  
6 to say that is because every time we get into those  
7 types of discussions the chasm between us separates,  
8 it gets wider, and we get further apart from  
9 developing a consensus on some of the fundamental  
10 things that could work. I could sit here and say  
11 where are you at. Are you for caps on non-economic  
12 damages or are you against us? Are you for the trial  
13 lawyers or are you against the trial lawyers? But  
14 those arguments never solve the problems. They never  
15 solve the problems. Chairman DeLuca, Rick, Vince, the  
16 three of us working together to try and come up with  
17 some consensus with Rick Speese and Cathy McCormac  
18 working together that's where we come up with some  
19 answers. So I would encourage to tone the rhetoric  
20 down and increase the cooperation as Chairman DeLuca's  
21 been doing. And I think we're really close to some  
22 answers on some of these issues. Thank you, Mr.  
23 Chairman.

24 MR. STIER:

25 There was a question or two there. Would

1 you mind if I tried to answer them?

2 CHAIRMAN DELUCA:

3 No. Go ahead. He asked you a question.

4 MR. STIER:

5 First of all, with regard to how you  
6 control the costs. Unfortunately if the healthcare  
7 industry was a regular competitive market, we could  
8 rely on the market. But it really isn't --- the  
9 private market is so monopolistic when most doctors  
10 have one insurance company, maybe two to negotiate  
11 with, and they really can't afford to say I'm not  
12 going to take a certain insurance or the other. It's  
13 not really a private market that works well. So  
14 that's why we're driven to some kind of government  
15 regulation of the market. And one thing I should say,  
16 I think that's something we all agree with. I mean,  
17 I've read the republican proposals that the two of you  
18 have come up with.

19 There are a lot of very good ideas in  
20 there about reforming the insurance market and  
21 regulating the insurance market. So I think we're all  
22 on the same page about that, that there has to be a  
23 rethinking of how the insurance market works. I  
24 happen to think there has to be an important role for  
25 a public sector program as well as private market, but



1 I think we all agree that there has to be some  
2 rethinking of the private market.

3           Second of all, when I said are you for  
4 us, against us, I didn't mean to be saying that  
5 necessarily applies to SB 1137. I think one could  
6 vote against SB 1137 and still be on our side and  
7 offering solutions that deal with the reality of the  
8 difficulties in the insurance market and the need for  
9 some kind of public sector program. HCAN is fighting  
10 about principals, not about specific legislation, and  
11 certainly not legislation in Pennsylvania. We're a  
12 federal campaign by and large. I think there is an  
13 issue, however, in whether we're going to be driven by  
14 the goals of the insurance companies, which I think  
15 right now --- to some extent Pennsylvania and  
16 certainly nationwide are driving away from the kinds  
17 of reforms. If these are the kinds of reforms that  
18 you're talking about in the republican House package,  
19 I think you've got a lot of opposition. So just to  
20 sum up, I applaud all of you for working as you have  
21 together, and I didn't mean to say that you're off on  
22 some other side from our side. But I think there  
23 really is an issue about what direction we're going to  
24 go with healthcare reform, and we have to rethink ---  
25 we have to have a public sector program, we have to

1 have some kind of private regulation --- regulation of  
2 the private sector. The details of that we're going  
3 to work out, I hope in Pennsylvania by the end of this  
4 session, and in federal government by the end of 2009.  
5 Thank you.

6 CHAIRMAN DELUCA:

7 Thank you, Mark. And I want to thank all  
8 that testified and certainly who attended this  
9 meeting. Tomorrow morning we'll be here at 9:30 to  
10 discuss the Health Care Cost Containment Council.  
11 Thank you very much.

12  
13 \* \* \* \* \*

14 MEETING CONCLUDED AT 3:48 P.M.

15 \* \* \* \* \*  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25