

Testimony of Gary P. Hunt, President,
Allegheny County Bar Association

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My name is Gary P. Hunt. I am the President of the Allegheny County Bar Association. I am a shareholder and the former Managing Partner of the law firm of Tucker Arensberg, P.C., a law firm with offices in Pittsburgh and Harrisburg.

I want to thank the Commission for agreeing to our request for a public hearing. Your responsiveness to this issue is appreciated by all concerned.

The Allegheny County Bar Association is a membership organization with more than 6,300 members. More than 60% of those members are either solo practitioners or are employed in a law firm with 6 or fewer employees. This group of at least 3,700 lawyers in turn employ thousands of individuals as secretaries, paralegals and other clerical employees. I am therefore speaking not only for this group of lawyers but also for their families, their employees and their employee's families.

Furthermore, our membership provides legal services to thousands or even tens of thousands of the small businesses that are the foundation of our local economy. Those businesses employ tens of thousands of individuals.

The Allegheny County Bar Association is very concerned with the impact that Highmark's dramatic increase in insurance premiums is having on its own members. But make no mistake about it, this is an issue that goes far beyond the impact on the members of the Allegheny County Bar Association and the individuals employed by the members of the Allegheny County Bar Association.

The dramatic increase in health insurance premiums for Highmark insurance is causing substantial financial hardship for all small business owners and associations and their employees and members.

The impact of these premium increases on the members of the Allegheny County Bar Association is typical of the impact on the hundreds of small businesses who also obtain their health insurance through programs sponsored by their business associations, whether it is the Chamber of Commerce, the Small Manufacturer's Council, the Medical Society or any one of a number of other associations that have provided group health insurance plans as a member benefit.

Therefore, when I tell you that the premiums for some of our members have increased by as much as 70% to 79% percent for the upcoming health year, you must understand that a similar impact is being felt by many other small businesses throughout our community. The impact of these premium increases is all the greater because small business owners, whether they are a law firm or solo practitioner, or a small

manufacturer, or a local hardware store, or any of hundreds of other types of small business, have few if any options for alternative health insurance.

The Allegheny County Bar Association requested public hearings on this issue, first because its own members were being dramatically impacted. But we requested the public hearings also because these premium increases can have a dramatic impact on the entire business community. We all depend upon each other, and we all depend upon the financial health of every part of our economic engine.

The mechanism by which Highmark initiated these premium increases was simple - it moved all insured groups below a certain size into the for-profit arm of Highmark. By doing so, Highmark avoids much of the regulation and scrutiny to which such rate increases would otherwise be subject. Furthermore, this move frees Highmark's hand with respect to "medical underwriting", however defined. With respect to the Allegheny County Bar Association membership, this means that rather than being able to spread the cost of the group insurance across the entire membership, many of the small groups will be forced to pay premiums that make it impossible to maintain health insurance for themselves, their employees or their employee's families.

This situation is exacerbated because as we all know, it is impossible for a small group to negotiate with a large health insurance provider on rates. The rates are quoted, and the insured has a "take it or leave it" choice.

We are asking the Insurance Department and the state legislature to step in and take a hard look at what is happening. We are also asking that a Public Advocate Division be created in the Pennsylvania Insurance Department, similar to the Public Advocates who protect utility consumers. This would ensure that the citizens of the Commonwealth of Pennsylvania are protected from any abusive practices of insurance companies. This type of oversight is working for utilities and other industries.

I don't pretend to be an expert in this area, and perhaps do not have all of the facts. However, the reality is that because Highmark has initiated these changes without any regulatory or legislative scrutiny, none of us, other than Highmark, know all the facts.

When it comes to something as vital as health insurance - not free health insurance - but paid health insurance, aren't the citizens of Allegheny County entitled to have those facts? And isn't this particularly true when Highmark was originally created to be the insurance provider of last resort?

Thank you for your time.