

PA House Insurance Committee Hearings
Testimony, July 20, 2010

My husband, Keith, and I have been self-employed since 1990. We own Franks Auto Service, an auto repair garage in Penn Hills. At one time, we had a successful business with several employees, a growing retirement fund and were active and generous in our community.

In the year 2000, we were paying approximately five hundred dollars (\$500) per month for a Highmark HMO for our family of four. By 2007 our premium had risen to \$1507/month. Then the premium for that same HMO increased to \$2476/month in 2008; a 64% increase in one year!!

At that point, we researched many options to lower our costs, including HSAs, but opted for a high deductible PPO. The cost for that plan was \$1890/month, still a \$383 increase, with a \$2,000 deductible, higher out-of-pocket costs and less coverage.

In 2010 that PPO was slated to increase to \$2,620/month; a 37% increase, and a 425% increase from the year 2000! And we were all relatively healthy!

At that (panicked) point, we were told by our SMC representative that we could finally choose from a few carriers. We settled on a UPMC PPO, separating my husband's premium from mine and the kids to lower the cost. This premium total is \$1280/month, with no deductible and reasonable co-pays.

Although, much better, this still amounts to \$15,360/year plus approx. \$2,000 in out-of-pocket costs, which is approximately 20% of our income. It represents an annual minimum wage salary. It is several thousand dollars more than our mortgage! And there is no guarantee that the premium will not jump dramatically in a year or two.

The last several years we have been reluctant to reinvest in our business or to expand. We might have moved to a larger location, purchased property, or hired employees, but we were apprehensive due to the uncertainty of premium increases and the anxiety of this already prohibitive fixed cost. Of course, none of this was happening in a vacuum, as all other expenses continued to increase, as well.

We were no longer able to support our community with our time or our money, as my husband was now working an average of 55 to 65 hours per week just to try to keep up. We were forced to dramatically decrease our contributions to our retirement account and our kids' college funds, at one point stopping completely for several years. In the past two years I have even neglected to pursue a few health concerns due to my reluctance to incur deductible costs. I worry constantly about my husband's health. He's working so many hours and not getting nearly enough sleep, worrying about his ability to keep up with the ever-increasing costs, retirement, college. I

contribute by working in the school district, but I am limited to part time because I need to help out at the business with administrative tasks, and one of us has to be somewhat available to our kids.

We have been actively lobbying for health care reform for the last several years, and will continue to do so. The anxiety and apprehension has not lessened. We still can not plan to reinvest or expand. We still don't feel confident we can send our kids to college or have a secure retirement. The uncertainty continues due to the volatility of the insurance market and the lack of regulation of the industry. We continue to beg our legislators for fair and affordable access to health care for those of us in the middle class who work hard and play by the rules.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carolyn D. Franks". The signature is written in black ink and is positioned below the typed name.

Carolyn D. Franks