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For Presentation on: Tuesday, July 20, 2010
Location: William E. Anderson Library of Penn Hills
Sponsor: PA House Ins. Committee
Topic: **HEALTH INSURANCE RATE INCREASES**

Good morning. I appreciate having the opportunity to speak here today on the topic of health insurance.

By way of introduction, I am Patrick Reidy, a husband, father and attorney who has worked and lived in Pittsburgh for the past twenty-two years with my wife Mykie, a writer, and our two extraordinary sons, both in college. My family has enjoyed the region's people, schools, arts, sports, businesses and opportunities. We have given back with service and donations to community and regional organizations, including hospitals, schools, libraries, cultural institutions and the Juvenile Diabetes Research Foundation, in support of our elder son who was diagnosed with Type I (autoimmune) diabetes at age nine. In short, we have made this community our home.

We have been responsible citizens, timely paying taxes and debts, maintaining our properties, buying insurance and following the law with some hope that our futures would be bright and those of our children brighter still. Through hard work and careful spending, our family has been blessed with a measure of financial security, at risk now by excessive healthcare costs. For as much as we planned and prepared and protected, we could not shield ourselves or our children from serious illness, which, in the case of one son, is life-threatening without proper treatment and diligence

Seven years ago, our son with diabetes developed a bone infection which literally threatened both his life and limb. I resigned from a twenty year career to help manage this illness. While the decision not to work had much to do with the round-the-clock care my son required, it was also based on the need to handle the serpentine process of obtaining and managing health insurance benefits, with its deductibles, co-insurance, limited provider networks, health savings accounts and reams of paperwork including EOBs, invoices, and other communications that consumed more than a day each week during the worst of the illness. Once, when our son was taken by ambulance to Children's Hospital after my wife had found him blue and unresponsive from a dangerous combination of medications, all claims for his care were denied. Though I made the requisite call to our insurance company from his emergency treatment room, someone failed to log it. Many months later, after hours of calls and letters of appeal by me, time better spent with him and our family, Children's Hospital was reimbursed.

From a policy perspective, deductibles, co-payments and co-insurance do nothing to make our family or any others better shoppers for healthcare, unless you define that as simply not seeking necessary care. And in cases where care simply cannot be avoided, they make the stress of a serious illness that much more crushing. Nor do they make us choose healthier life styles. Rather, such policies only increase health care costs by adding multiple layers of administration to all services and making payment collection difficult or impossible for providers who pass those costs on in the form of ever higher charges.

HMOs and some regional plans address this and may be good for some, but certainly not for all, health care needs. My family experienced this first hand. No one in Pittsburgh had the knowledge to save our son's life. After three painful and unsuccessful surgeries and missing most of high school, we found an expert in Georgia who cured our son. He is alive today because of that action. The ability to choose providers regardless of insurance network affiliation is crucial when the care you need is more than routine, and I believe everyone should have this option. Well intentioned physicians are, as we learned, contractually and otherwise bound to refer within networks, even when a better service might be found elsewhere. The doctor in Georgia, it turns out, was well known to our Pittsburgh doctors as an expert, but still no referral came. Large regional health care organizations and insurers hold all the employment cards for physicians.

Five years ago I started a business, expanded it with a friend and partner and had planned to grow it and employ many more in the coming years. We buy health insurance through the Pittsburgh Technology Council, one of the few options I found where we could obtain coverage given my family's health problems. Specifically, we have a no deductible Highmark PPO plan with a July 1 renewal date. The plan provides for various co-payments for drugs, doctor visits and emergency treatment, but otherwise pays for most everything we need with little paperwork.

In January of this year I received a letter from Highmark informing us that our current plan would no longer be offered and that we would be informed at a later date about what policy would be replacing it. My wife suspected that the change would be for some nefarious purpose, specifically that in advance of the then pending health insurance legislation, Highmark was moving to make our insurance, already exceedingly costly, even more unaffordable. We later learned that Highmark would be transferring all small group policies to Highmark Health Insurance Corporation (HHIC), a wholly owned, for-profit subsidiary.

In April, we were notified again that the HHIC change would occur, but "not to worry," similar policy options would be available and little would change. We were notified of the specifics of our new policy choices five weeks before our renewal date, not nearly enough time to research and implement an alternative if we needed to, or even could, make a change.

For the policy year ending June 30, 2010, we paid \$1,782 per month for medical insurance. Three years ago the cost was roughly \$1,100 per month. In late May, I

received a letter from the Pittsburgh Technology Council that the July 1, 2010 renewal premium would be \$2,752 per month for my family's medical insurance, a 54% annual increase. That does not include dental and vision coverage which brings the total to just under \$3,000 per family per month. That's \$36,000 per year for my family's coverage. For perspective, the Census Bureau lists median household income in the U.S. for 2007 at approximately \$50,000. I called the Technology Council's benefits people to confirm that there was no error and was informed that of about fifty renewals in July, my rate was one of the highest and there was no error. My wife, it seems, was right. And I am no longer in a position to consider hiring staff and provide them with benefits. It is simply unaffordable.

After looking into the matter, I learned that the Pennsylvania Insurance Department had denied Highmark's request to underwrite premiums on small business policies. The request was made, said Highmark, to place it on similar footing with for-profit competitors, basically affording the opportunity to charge more to those who use more medical services or to deny coverage altogether. The transfer of this class of policies to HHIC, the for-profit subsidiary, is nothing more than a legal slight-of-hand, an end-around the Insurance Department's denial. It enables Highmark to make policies for people with chronic illness so costly they are beyond the reach of all but the extremely wealthy. To have done so in order to force people to end their coverage before federal legislation makes terminating them unlawful is morally repugnant and impugns Highmark's non-profit status.

In response to the unreasonable rate hike, I filed a formal complaint with the Insurance Department asking it to require Highmark to rescind the increase. I also asked my State House Representative and neighbor, Matt Smith, to look into the matter in hopes he could spur the Insurance Department to action. His office, Dan Green in particular, was prompt in replying, following-up with the Insurance Department, and Matt personally invited me here today, along with Stacia Longenecker. My State Senator John Pippy did not reply to a similar request until I sent a second letter a month later. Only then did his staff answer with a suggestion that there has been legislative action in the Senate and an overview will be provided shortly. That was a month ago. Neither U.S. Senator Specter nor Casey has responded to the same initial inquiry and my thirty day follow-up. Congressman Murphy's office called after several weeks and is "looking into the matter." With the exception of Matt Smith, I am disappointed in the rest of my elected government representatives.

Shirley Stine, with "Highmark Small Group Marketing," called to inquire why I filed a complaint with the Insurance Department. She was not kidding. After a lengthy discussion that left me wondering why taxpayer supported, not-for-profit Highmark believes it should be on equal footing with for-profit competitors, we concluded the rate hike was probably designed to inspire me to seek insurance elsewhere before federal laws prohibit that. By the way, Shirley, who was perfectly nice and quite competent, called on a Highmark phone, holds a Highmark title, has a Highmark e-mail address and works at Highmark headquarters. But HHIC, I am asked to believe, is a different legal entity.

Shirley and the Technology Council suggested I look into alternative policies, some which would save \$12,000 annually in premiums, at least until their renewal date in January. The deductibles and out-of-pocket expenses I could fund with a Health Savings Account and save taxes. "Aren't these great alternatives?" I was asked. They did their jobs and offered lower premium plans. Anyone remotely good with numbers could see that the out-of-pocket and uncovered expenses might bankrupt me. Tax savings are the same with premiums as with HSAs for the small business owner and plans involving co-insurance and deductibles only increase my administrative burden and, ultimately the cost of health care overall. No alternatives exist that minimize paperwork, provide choice, and limit my out-of-pocket risk. I am stuck with the \$3,000 per month plan I now have, at least until they raise my rates again.

When the Insurance Department finally opined on my complaint, they noted the difficulty of passing good legislation because of an obstructionist State Senate and informed me that, under current law, Highmark has done nothing illegal. I disagree. It is my opinion that Highmark has acted contrary to several laws. HHIC is a sham corporation and the rate increases disproportionately affect those with disabilities and the aged. This can only be proven conclusively through expensive litigation and the compelled discovery process. I hereby ask the Commonwealth's Attorney General and gubernatorial candidate, Mr. Corbett, to file such a suit and, until it is resolved, to ask the courts to require Highmark to roll back premium increases and forego future hikes. If that fails, I am considering bringing a civil suit. One recent Pittsburgh Business Times' article indicated there are over 200,000 affected lives insured under Highmark's (excuse me, HHIC's) small business policies. I suspect most renew in January.

Audrey Russo, Pittsburgh Technology Council President and CEO, also graced me with a call to make sure her people offered alternatives and to ask what I would do about medical insurance. I told Audrey that I suspect she will soon be compelled to tell me, at Highmark's insistence, that I cannot have a group of one and coverage will terminate. You see, my partner's wife just took a job at the University of Pittsburgh and their family will use Pitt's health insurance plan which costs only hundreds of dollars monthly. Audrey's people and Highmark will again offer alternatives which will be inadequate, or perhaps there will be no coverage for pre-existing conditions. No coverage to buy insulin and the costly diabetes management supplies for my son is unbelievable and unacceptable.

So I am here, reluctantly, to ask the following; actually to propose the following:

1. Standardize insurance rates. Treat citizens of the nation as a group. Insurance is a sharing of risk and it is best shared by many.
2. Standardize insurance coverage and codes and abolish deductibles and co-insurance. They are wasteful constructs that serve no valid purpose but to shift and increase costs.
3. Foster competition and community. Enforce antitrust laws vigorously. Economies of scale mean less competition and worse job opportunities.

4. Ban non-referral and non-compete agreements for physicians. They should always work only for their patients without fear of economic consequence.
5. Enact reasonable tort reform and malpractice insurance guidelines so experts might choose to locate or remain in Pennsylvania, and so the cost of practicing medicine here is more reasonable.
6. Eliminate taxpayer paid benefits for the legislature so we are all in the same boat. It's less likely to sink then.
7. Enact campaign finance reform so laws do not just benefit those large corporations with the deepest pockets.
8. Give us the opportunity to remain healthy.
 - A. If gas drilling involves injecting carcinogens and who knows what else into the ground water, ban it now. Alternatively, tax it enough or require sufficient escrowed funds for inevitable environmental and health remediation that it becomes cost-prohibitive to drill. But please do not risk everything for a few pieces of silver. Some problems cannot be fixed once they occur. We are all mostly water.
 - B. If the coal industry has redefined the term clean, then clarify it in the law and tax emissions until the added cost makes other options viable. Then invest in alternatives. We breathe air or we die. Let's not be a state where people die because we breathe air.
9. To the direct issue at hand, I ask the Committee to require Highmark to act responsibly and not seek to compete for the highest premiums. Propose a law retroactively rolling back these prohibitively high rate increases.

I hope our elected officials run for office to do good before doing well. I know our corporate leaders are faced daily with profit vs. environment and community balances. Our non-profits should have an easier time with that one. I think that all of us, when faced with the choice between right and wrong, might find the courage to know and to choose right. I know that is not always so, even though my wife says I am an optimist. It is true that I am here because I believe our futures can be bright and those of our children brighter still, but if I am in this fix, many others less able to deal with it are as well. They are friends and neighbors in this community we call home.

Thank you to the House Insurance Committee for the opportunity to tell my story. That health care issues drive career and life choices in this region and across the country is not conducive to any societal ideals. Our legislators will not fix the problem without support. They have mine and I hope my fellow citizens' as well.

On the off chance that action is not taken soon, I would like to end by asking for your support in writing me in for Governor or Senator this November. I promise to be more responsive than some of my representatives have been. And I need the benefits. Thank you.