

# The Insurance Federation of Pennsylvania, Inc.

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April 26, 2018

To: The Honorable Members of the House Committee on Consumer Affairs

From: Samuel R. Marshall

**Re: House Bill 2113 – mid-term changes in health policies**

Thank you for this hearing, and thank you to Representative Oberlander for raising the issue of mid-term changes in health policies. We don't support the restrictions in the bill, but we welcome the chance to learn more about the problems consumers may be experiencing, to explain what happens now, and to work on solutions to make coverage better for our policyholders.

First, we're not aware of any insurer raising premiums, copayments, coinsurance or deductibles in the middle of a policy. There may be other types of changes, though, that would happen during the course of a particular policy and might therefore be seen as altering the policy itself:

- For instance, a provider may join (or leave) an insurer's network; or an insurer may drop a requisite of prior authorization and switch to an aggregate limit on visits to a provider; or a new procedure or device may come into being during a policy year. Those are the types of changes that logically could and should be folded into an insured's coverage as a policy year progresses, not wait for the policy's renewal.

Our understanding is that this bill is intended to address not so much those types of changes but a specific concern in prescription coverage: Our read is that it would prohibit a policy from changing coverage of a particular drug that an insured has been getting during the course of that policy – those changes can happen, but only at policy renewal, not during the policy itself.

We don't think that helps individual patients or the broader consumer interest of getting the best prescriptions at the best prices. Changes in the efficacy of a particular drug don't fit neatly into a policy term; they may evolve and change during the policy term, and so might other alternative drugs. Insurance coverage should reflect that, not wait for the next policy period to stay current with developments in the pharmaceutical world.

We understand the concern that a patient may be prescribed – and have coverage for – a particular drug, and then see that coverage change during the course of a policy even if the prescription doesn't. We're not sure how often that happens, and there are factors that justify the coverage change and may suggest the prescription should change, too.

- What happens if newer drugs come along that are less costly but equally safe and effective? Why wouldn't an insurer switch to that during a policy rather than wait for renewal?
- What happens if an insurer learns bad news about a particular drug that may lead it to change its coverage of it? Why wouldn't that switch be made during policy rather than waiting for renewal?

We realize the patient's well-being is paramount, and nobody is suggesting allowing mid-policy changes that might jeopardize that. All health plans provide a mechanism that allows a doctor to explain why a patient should remain on a particular drug even if less costly alternatives come along.

That might be a better focus for this bill: Why not let coverage of a particular drug evolve in real-time along with the science, availability and cost of it and any alternatives – but ensure that the insured not be faced with a switch that may undercut the quality of care being covered?

We think that balance is being well-served in current coverage, but we're here to learn more. Nonetheless, we think it is the right balance, and we hope you achieve it in any bill you send to the floor.

One drafting concern: The bill amends the Unfair Insurance Practices Act, which is enforced by the Insurance Department. It also makes a violation of it subject to the Attorney General's enforcement. We're not sure why dual regulation is merited here. That's not only inefficient but potentially conflicting. Whatever you do, at least have the enforcement of it consistently applied – which would mean one regulator.

Thank you for the opportunity to be here, and we welcome the chance to address concerns.