

**THE INSURANCE FEDERATION OF PENNSYLVANIA, INC.**

**Public Testimony**

**Prepared for**

**The Senate Public Health and Welfare Committee**

**ON**

**Reauthorization of the Health Care Cost Containment Council**

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GOOD MORNING, AND THANK YOU FOR THE OPPORTUNITY TO BE HERE. I AM SAM MARSHALL WITH THE INSURANCE FEDERATION OF PENNSYLVANIA. THE FEDERATION IS A TRADE ASSOCIATION REPRESENTING INSURERS OF ALL SHAPES AND SIZES DOING BUSINESS IN PENNSYLVANIA. OUR MEMBERS INCLUDE A NUMBER OF HEALTH INSURERS, ALTHOUGH NOT THE BLUES. BUT OUR HEALTH INSURERS DO HAVE EXPERIENCE IN OTHER STATES AS WELL AS PENNSYLVANIA, AND THAT MULTI-STATE EXPERIENCE MAY BE USEFUL TODAY.

THE QUESTION IS WHETHER TO RE-AUTHORIZE THE HEALTH CARE COST CONTAINMENT COUNCIL, WITH THE SUNSET COMING UP IN 20 DAYS. IT LOOKS LIKE I'LL BE IN THE MINORITY ON THIS, BUT MY RECOMMENDATION IS NO, ABSENT SIGNIFICANT CHANGES - CHANGES THAT WILL TAKE MORE THAN 20 DAYS TO WORK THROUGH, ESPECIALLY GIVEN ALL THE OTHER CHALLENGES COMING UP.

AT A MINIMUM, I'D SAY THE NAME OF THE COUNCIL HAS TO CHANGE - WHATEVER IT HAS DONE OVER THE LAST 22 YEARS, IT HASN'T CONTAINED COSTS. I DON'T SAY THAT TO BE FLIPPANT - COST CONTAINMENT IS A NECESSITY. BUT IF THE COUNCIL IS TO CONTINUE, IT NEEDS TO BE RESTRUCTURED TO HELP ACHIEVE THAT GOAL.

WHEN IT WAS FIRST CREATED, THE COUNCIL WAS A UNIQUE AND POTENTIALLY PRODUCTIVE IDEA. IT WAS GOING TO CONSIST OF LEADERS FROM ALL BRANCHES OF THE GENERAL ASSEMBLY, FROM THE AGENCIES INVOLVED IN HEALTH CARE AND HEALTH CARE FINANCING, FROM THE PATIENT AND CONSUMER CONSTITUENCIES, FROM BUSINESS AND LABOR, FROM PROVIDERS AND FROM INSURERS. THAT GROUP WAS INTENDED TO OPERATE IN A RELATIVELY NON-POLITICAL ENVIRONMENT TO COME UP WITH WAYS IN WHICH TO IMPROVE THE COST AND QUALITY OF CARE, AND TO GIVE THOSE IN GOVERNMENT TIMELY, OBJECTIVE AND USEFUL ADVICE ON WHAT TO DO.

NOW LOOK AT WHAT HAS HAPPENED. WE HAVE, AS WE DID WHEN THE COUNCIL WAS FORMED 22 YEARS AGO, REAL HEALTH CARE PROBLEMS: PEOPLE ARE CONCERNED ABOUT THE COST AND QUALITY OF CARE, AND LEGISLATORS AND AGENCIES ARE ASKED TO MAKE THE TOUGH DECISIONS AND BALANCES REQUIRED IN ANSWERING THOSE CONCERNS. AND JUST AS WAS THE CASE 22 YEARS AGO, I THINK LEGISLATORS AND AGENCIES WOULD BENEFIT FROM WHAT THE COUNCIL WAS MEANT TO BE - A PRACTICAL, ALL-ENCOMPASSING AND BI-PARTISAN THINK-TANK.

YOUR OWN AGENDA FOR THIS MONTH SHOWS THAT, AND SHOWS THE WEAKNESS OF THE COUNCIL IN ITS CURRENT STRUCTURE TO PROVIDE THAT BENEFIT.

YOU ARE DEALING WITH SOME DIFFICULT MANDATES, AS WITH AUTISM COVERAGE AND THE BALANCE OF PUBLIC AND PRIVATE COVERAGE OF IT; YOU ARE DEALING WITH EXPANDED PROVIDER POWERS AND LICENSING, AS WITH MASSAGE THERAPISTS; YOU ARE DEALING WITH THE MCARE ABATEMENT AND PHASE-OUT; YOU ARE DEALING WITH WHETHER, HOW MUCH AND HOW TO FUND AND EXPAND THE ADULTBASIC PROGRAM; YOU ARE DEALING WITH MEASURES TO EXPAND THE AGE OF DEPENDENT COVERAGE, TO EXTEND COBRA BENEFITS TO SMALL EMPLOYERS, TO ENACT A HEALTHY LIVING DISCOUNT, TO ESTABLISH A STATE HIGH RISK POOL, AND TO PREVENT BILLING FOR PREVENTABLE ERRORS; YOU ARE DEALING WITH PROVIDING A COMPETITIVE HEALTH INSURANCE MARKET THAT IS ACCESSIBLE TO ALL CONSUMERS, AND WHETHER AND WHAT RATING RESTRICTIONS MIGHT HELP THAT, AND WHETHER AND WHAT CERTIFICATE OF NEED PROGRAM MIGHT HELP; AND YOU ARE DEALING WITH THE PROPOSED CONSOLIDATION OF THE TWO LARGEST HEALTH INSURERS IN THE COMMONWEALTH.

THAT'S A LOT, AND IT IS TAKING PLACE IN A BRUTAL ECONOMY, BUT IT IS HARDLY UNPRECEDENTED. SINCE THE COUNCIL WAS ESTABLISHED, YOU'VE DEALT WITH EQUALLY BIG ISSUES - ALTHOUGH NOT IN SUCH TOUGH ECONOMIC TIMES, SOMETHING THAT SEEMS TO BE OVERLOOKED THESE DAYS.

SOME EXAMPLES OF SOME OF THE MOST VIGOROUS AND DIFFICULT ONES: MANDATES SUCH AS MENTAL HEALTH PARITY, AND THE REFORM OF MANAGED CARE IN THE 1990s; MEDICAL MALPRACTICE REFORMS EARLIER THIS DECADE; AND MORE RECENTLY, ISSUES RELATED TO HOSPITAL-ACQUIRED INFECTIONS OR EFFORTS BY SOME PROVIDER GROUPS TO HAVE MORE PRACTICE POWERS AND LESS REVIEW OF THEIR BILLS. AND EVERY YEAR, YOU FACE THE ISSUE OF HOW AND HOW MUCH TO FUND OUR ENORMOUS PUBLIC HEALTH INSURANCE SYSTEM, IN THE FORM OF OUR MEDICAID, CHIP AND ADULTBASIC PROGRAMS.

AND THE AGENCIES DEALING WITH HEALTH CARE FACE AND HAVE FACED SIMILAR CHALLENGES AND INITIATIVES. THAT'S PARTICULARLY TRUE IN THIS ADMINISTRATION, WITH THE GOVERNOR'S ESTABLISHMENT OF THE OFFICE OF HEALTH CARE REFORM. BUT IT'S BEEN THE CASE THROUGHOUT, AS SEEN IN THE HEALTH AND INSURANCE DEPARTMENTS' MANAGED CARE REGULATIONS; OR THE INSURANCE DEPARTMENT'S OPERATING OF CHIP AND ADULTBASIC; OR DPW'S HANDLING OF MEDICAID AND UNIQUE SERVICES LIKE AUTISM; OR THE STATE DEPARTMENT'S HANDLING OF PRACTICE PARAMETERS.

WE CAN DEBATE THE RESULTS - PAST AND FUTURE - OF ALL THIS. BUT WHATEVER YOUR PERSPECTIVE, ONE THING SEEMS CLEAR: THE HEALTH CARE COST CONTAINMENT COUNCIL HASN'T BEEN A DRIVING OR PARTICULARLY USEFUL FORCE IN ALL THIS. EVEN IN THE AREA OF MANDATED BENEFITS, WHERE THE GENERAL ASSEMBLY IS ALLOWED TO ASK FOR ITS EXPERTISE, IT HASN'T MEANT MUCH. AND IN MOST OF THE OTHER AREAS, IT HASN'T BEEN INVOLVED - EXCEPT WITH SOME BACKGROUND DATA THAT HAS, UNFORTUNATELY, BEEN OF QUESTIONABLE VALUE, AS WITH ESTIMATES OF SAVINGS FOR HOSPITAL-ACQUIRED INFECTIONS OR PREVENTABLE MEDICAL ERRORS.

I THINK ALL OF THESE ISSUES WOULD BENEFIT FROM A GROUP LIKE THE COUNCIL PROVIDING YOU, AGENCIES AND THE PUBLIC WITH INPUT AND INSIGHTS. BUT IT HASN'T DONE THAT. IT HAS DONE A BUNCH OF REPORTS AND COLLECTED A LOT OF DATA THAT HAVE BEEN INTERESTING AND IN SOME INSTANCES USEFUL - BUT NOT MUCH, BECAUSE THE AREAS IT REPORTS ON AND THE DATA IT COLLECTS ARE, IN RELATIVELY SIMILAR FORMS, ALREADY AVAILABLE ELSEWHERE.

THAT'S NOT SO MUCH A CRITICISM OF THE COUNCIL AS AN OBSERVATION THAT ITS TIME MAY HAVE PAST, AT LEAST IN THE TYPE OF REPORTING AND DATA COLLECTION IT SPENDS SO MUCH OF ITS TIME AND MONEY - AND OTHERS' TIME AND MONEY - DOING.

MAYBE IT WAS AHEAD OF THE CURVE IN ITS EARLY DAYS, BUT OTHER ENTITIES HAVE CAUGHT UP AND ARE THE ONES MORE USED FOR COMPARING PRICES AND QUALITY.

WHEN THE COUNCIL FIRST CAME INTO EXISTENCE, MANY OF US INVOLVED WITH IT THOUGHT IT WOULD BE A NATIONAL MODEL AND OTHER STATES WOULD DUPLICATE IT. THAT DIDN'T HAPPEN. AND THAT MAY SPEAK MORE TO THE MERIT OF CONTINUING THE COUNCIL THAN ANYTHING ELSE. AFTER 22 YEARS, IF IT WERE THAT MUCH OF A NATIONAL MODEL, SOMEBODY WOULD HAVE COPIED IT.

I STILL THINK THERE IS A VALUE IN HAVING A BROAD, BI-PARTISAN GROUP OF LEADERS FROM ALL SEGMENTS OF THE COMMONWEALTH TO PROVIDE GOVERNMENT WITH COLLECTIVE WISDOM ON THE ISSUES YOU ARE FACING AND THE INITIATIVES YOU ARE CONSIDERING. I THINK THAT IS WHAT THE COUNCIL WAS MEANT TO BE, AND MAYBE CAN STILL BECOME. THAT MEANS A DRASTIC RESHAPING OF IT, AND MAYBE SCRAPPING IT AND STARTING FROM SCRATCH TO COME UP WITH SOMETHING BETTER SUITED TO THOSE TASKS.

THAT'S A LOT OF WORK AND A SHIFT IN FOCUS - BUT I THINK IT WILL BETTER SERVE YOU AND ALL PENNSYLVANIANS AS YOU FACE THE HEALTH CARE CHALLENGES OF TODAY AND TOMORROW.