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MEMORANDUM

DATE: May 8, 2012

TO: All House Members

FROM: Representative Scott Boyd
43rd Legislative District

RE: Cosponsorship of Legislation: Commonwealth Health Insurance Interchange

It is apparent that the General Assembly is delaying discussion on Federal Health Care Exchanges until the Supreme Court renders its decision on the Patient Protection and Affordable Care Act (PPACA).

As an active participant in the discussion on health insurance over the past ten years, I have worked on legislation selecting principles expressed by various stakeholders. Understanding that this proposal is **NOT** PPACA compliant, this legislation does include elements of a vibrant consumer driven marketplace necessary to increase accessibility. Therefore, I plan to introduce a comprehensive health care bill in the near future.

I believe the passage of this legislation is vital to ensure that individuals and small employers throughout the Commonwealth be given the opportunity to obtain health insurance. Health care providers need to be adequately compensated for their services, while still maintaining cost containment to ensure that health care costs do not continue to rise. By providing health care benefits for the uninsured, illnesses can be treated in their infancy.

My legislation provides assistance to obtain health care benefits for an individual or a small employer, defined as an employer that employs an average of not more than 50 employees during the preceding calendar year. Whether it is Medical Assistance, CHIP, your current health insurance, or the provisions of my legislation, we need to continuously upgrade our goals to ensure quality, accessible health care benefits for all.

My legislation will establish the Commonwealth Health Insurance Interchange Act (CHIIA), to provide Basic Care to individuals and small employers, as set forth in the act. The Interchange shall maintain an Internet website that will include the following:

- The Interchange shall maintain an **Internet website through which individuals may obtain information on Basic Care** as provided for in this act, do various premium comparisons of Basic Care in a particular zip code, complete a preliminary application for enrollment in Basic Care, and provide for the purchase of Basic Care. A toll-free phone hotline is to be provided.
- The Interchange shall provide links to health insurance companies so individuals and small employers may choose which company they want to research, shall provide

linkage to other interactive internet systems including portals providing access to Medical Assistance and CHIP eligibility, shall provide a link to department health insurance consumer educational materials and supply a form where individuals and small employers may make an inquiry or register a complaint or concern.

- The Interchange shall develop a **uniform application**; every licensed health insurance company may offer additional coverage to provide broader benefits. You will be charged for any additional coverage added to Basic Care by endorsement.

The insurer may not use **rating characteristics** when determining the premium for Basic Care other than the age of the applicant, tobacco use, and the geographic area/zip code for the applicant's residency. A small **employer may provide an employee with a health care payment** for the purpose of paying all, or a portion of the Basic Care that is independently purchased by an employee. This **payment shall not be considered compensation for the employee**, as defined in Article III, Part I, Section 301 (d) of Act 2 of 1971.

A **pre-existing condition** shall not be considered by the insurer when an individual or small employer initially enrolls in or renews Basic Care coverage. An insurer licensed in the Commonwealth to sell health insurance and has at least **1% of the health insurance market state wide** shall offer Basic Care. All eligible benefits may be subject to a medical service fee – defined in the act as an amount charged to the patient by a health care provider for services rendered. A **medical service fee** shall not exceed 10% of the health care provider's approved fee schedule of Basic Care (which requires a health care provider to not request payment in excess of **120% of the reimbursement allowances applicable in the Commonwealth under the Medicare** program; or if the payment has not been calculated under the Medicare program, the insurance payment may not exceed 80% of the provider's usual and customary charge; acute care and major burn injury are paid as provided for in this act).

Basic Care includes several benefits. Included in these benefits are the following:

- Twenty one days of inpatient surgical and medical coverages per policy year
- Eight office visits for primary health care services
- Surgery and anesthesia
- Emergency accident and medical treatment
- Diagnostic services up to \$2500 for each policy year
- Chemotherapy and radiation treatment
- Maternity care
- Newborn care up to 31 days following birth
- Prescription drugs - the department, assisted by the Department of Health, shall develop a formulary of commonly dispensed medications to be covered under Basic Care

An **Advisory Committee** shall be formed to assist in overseeing the provisions of this act. The commissioner for the department, or a department designee, shall serve as chairperson. No member of the committee shall be eligible to receive financial reimbursement, except for travel. The committee shall submit a report to the General Assembly by March 1 of each calendar year, to include a summary of the previous year's Interchange data.

By sponsoring this legislation, we can begin now to assist individuals and small employers in the Commonwealth in obtaining health care benefit coverage. I look forward to working with you to attain this goal.

If you would like to cosponsor this legislation, please contact Nicole Wilbourn at 717-783-6422 or via e-mail at nwilbour@pahousegop.com.