

The Insurance Federation of Pennsylvania, Inc.

**1600 Market Street
Suite 1720
Philadelphia, PA 19103
Tel: (215) 665-0500 Fax: (215) 665-0540
E-mail: smarshall@ifpenn.org**

March 14, 2014

To: The Honorable Members of the House committee on Children and Youth

From: Samuel R. Marshall

Re: HB 1436 – expanding Pennsylvania's Medical Food Insurance Coverage Act

We respect Rep. Truitt's intent and appreciate the challenges faced by children and their families dealing with food-related allergic disorders. And as health insurers, we want to be part of the solution, not part of the problem: We're in the coverage business, so long as our policyholders want to pay for the coverage.

But we have reservations about the expanded coverage proposed in this bill.

First, we are unsure of the full scope of what this covers: Is it for nutritional supplements that are administered by feeding tubes or intravenously; or does it extend to foods tied to food allergies but commonly available in grocery stores, such as gluten-free or lactose-free products. We think mandating coverage of the latter is unduly expansive, especially as this coverage is exempt from standard copayments and deductibles.

Second, this mandate comes at a cost, which is the difficult balance all of us face in health insurance — the balance of the coverage we want with the coverage we are willing and able to buy. Insurers, almost by definition, believe in people having more coverage. But consumers are increasingly as cost-conscious as they are benefit-conscious, especially in the individual and small group markets — the only markets this bill will impact, as large employers are generally self-insured and exempt from these state measures.

Every health benefit has deserving proponents. But the balance with costs and which benefits to include or not include should consider those who pay for the benefit as well as those using it.

Page two

Third, the bill needs to be reconciled with the requirements and limitations on states that come with the Affordable Care Act as it applies to what are known as Essential Health Benefits that must be included in any policy offered on the Insurance Exchange. Under the federal act, a state may mandate that Exchange policies provide coverage beyond those Essential Health Mandates, but only if the state itself pays the cost of that coverage.

This benefit is not included in the Essential Health Benefits package (if it were, there'd be no call for the bill). So at least for policies purchased in the Insurance Exchange, Pennsylvania will have to pay for this benefit, reimbursing either insurers or insureds directly.

That puts the Commonwealth in the spot normally faced by consumers when considering a mandated benefit: While we may want this benefit, are we willing and able to pay for it out of the Commonwealth's coffers? And if we are, what about other mandates – equally compelling for those using the particular service? How far beyond the Essential Health Benefits Package do we want to go – and how much money are we as a state willing to spend?

We recognize these are hard considerations on a measure meant to help children and families facing hard situations. But they are considerations that need to be made in an inclusive way, considering a broad array of legitimate if sometimes competing and conflicting needs.

We appreciate the chance to submit these comments, and we are willing to work with others on this.