



Testimony before Joint Committee on Health Care Financing and Joint Committee on Financial Services on September 29, 2005, relative to H2923, H2924, H4279

Good Morning. My name is Julia Jennings. I serve as the President of the Massachusetts Association of Health Underwriters. Like most of our members, I am an insurance broker whose primary focus is in the design and placement of employee benefits programs for employers, their employees and families. This important role in the distribution of health insurance requires us to be knowledgeable about products, underwriting, state and federal legislation, Medicare, Medicaid, medical care and treatment, provider networks, and the health care delivery system in general. Massachusetts consumers and businesses rely on our expertise; in fact, over 80% of all health insurance in the state is written through brokers.

The Massachusetts Association of Health Underwriters (MassAHU) believes that any reform of the health care system must provide coverage for all within a legislative environment that fosters competition as a necessary component for ensuring quality, efficiency and favorable pricing of insurance products. We further believe that licensed, professional insurance producers/brokers should be the foremost marketing arm within the health care system for the placement of both individual (non-group) and employer-based health insurance, as our training and expertise supports the distribution of these products in the most effective way without necessitating the allocation of additional state resources. Any reform proposal under consideration must include a full disclosure of the funding for such proposal, and any study commission or oversight commission proposed as part of health care reform to consider and review health care issues must include representation of independent licensed insurance producers/brokers from MassAHU.

There are many issues addressed in the numerous health reform proposals before the state, including the Governor's three bills under consideration today, and it is our hope that these hearings will result in building a better health care system by incorporating the best ideas from each of these reform proposals. MassAHU would like to take this opportunity to share our position on the following reform issues:

- **Product Flexibility:** MassAHU supports product flexibility. Carriers must have the ability to offer mandate-lite plans as a lower cost alternative for consumers, with the requirement that all mandate-lite policies sold in Massachusetts have a clear statement of disclosure to be signed by the consumers. Additionally, HMO's should be allowed to offer plans with deductibles consistent with the federal HSA law.
- **HSA Tax Conformity:** MassAHU supports the tax treatment of HSA contributions to be consistent with federal HSA legislation on contributions and withdrawals.
- **Distribution Channels:** It is the position of MassAHU that the distribution of all health care products should be through licensed insurance professionals. Insurance products should not be sold by non-licensed agents in the state. This would apply to insurance products as they currently exist, as well as any insurance proposed in such programs as the Commonwealth Care Health Insurance Exchange (H2924).
- **Tax Treatment of Insurance Premiums:** MassAHU believes that all health insurance policies, including individually purchased health and long term care insurance policies, should be purchased with pre-tax dollars. This would equalize the ability to pre-tax health insurance premiums whether obtained through the workplace or on an individual (non-group) basis.
- **Continuity of Coverage:** Dependent children who graduate from school are an often uninsured population due to the high cost of COBRA benefits and the lack of short term medical insurance in our state. We support the proposal that students who graduate from college and who reside with their parents should be allowed to remain eligible dependents on the family plan, at the standard family rate, for up to one year unless they become eligible for other insurance (i.e. through full time employment). Additionally, we support the return of short term medical product sales in Massachusetts. We feel that short term medical insurance is an affordable product which successfully addresses the gaps in insurance protection for people between jobs. Significant numbers of Massachusetts' uninsured population are uninsured for less than one year, despite the availability of COBRA in many situations, because they cannot afford the high cost of COBRA and are going without any coverage. Short term medical insurance is available in most states around the country and would provide an affordable solution to an uninsured population in Massachusetts.
- **Insurance Partnership Program:** MassAHU favors the continuation and expansion of this important program in two ways. First of all, the income eligibility limits should be increased from the current 150% of the Federal Poverty Level (FPL). The FPL has not kept pace with health insurance costs since the inception of this program. MassAHU brokers' experience in trying to enroll employees in the IP is that people cannot afford the insurance premiums, yet their earnings are over the income limits. Secondly, we propose that employees are eligible for the Insurance Partnership regardless of the number of employees at their workplace, since the need for assistance is no different in a large company vs. a small company. The employer subsidy, however, should continue to apply only to employers with less than 50 employees.
- **Transparency:** MassAHU favors the inclusion of transparency in any health care reform. With the trend towards consumer directed health care, it is increasingly important to have the information necessary to make informed decisions

about quality and cost of medical care. We support the accessibility of such information for all Massachusetts consumers, which will lead to more responsible and informed utilization of health care, appropriate pricing of medical services, the ability to research costs before incurring medical expenses, and ultimately will result in better pricing of health insurance.

- Medical Malpractice: MassAHU supports medical malpractice reform to the extent that Massachusetts can continue to attract and retain quality medical providers, maintain quality of care standards, and reduce frivolous lawsuits.
- Medicaid Reform: MassAHU supports the efforts of reforming Medicaid to address runaway costs contributed to by nursing home services and medical care for the poor. With regard to medical care, reform must aim at getting all eligible residents enrolled in basic, cost effective, quality medical care while eliminating waste, abuse and fraud.

Thank you for the opportunity to testify today on an issue of critical importance to all Massachusetts citizens. I would be happy to respond to any questions the Committee may have.

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