



Our position on health care reform

What legislation must accomplish

The status quo is unacceptable and unsustainable. It's inexcusable that 47 million Americans – or about 1 out of 7 – are uninsured. All Americans, regardless of health status or medical history, should have the peace of mind that comes with having health insurance coverage. We believe that comprehensive health care reform should bring costs under control, improve quality, and expand coverage to everyone.

We and many other health plans have proposed and continue to support insurance market reform and an overhaul of our health care system. However, we are concerned about problematic provisions in the current proposals. Here are the critical things we believe effective reform must accomplish:

Expand access.

More than 177 million Americans have private insurance. We believe this is the most practical approach to insuring those who are uninsured. A government-run health plan is not necessary.

Eliminate exclusions for pre-existing conditions.

It's wrong to refuse to insure someone because he or she has a preexisting condition or to limit the benefits a person can receive in a lifetime. We support reform that eliminates these practices and widens access to coverage.

Require that everyone have insurance.

To increase the number of young, healthy people who are insured, reform must require that everyone has insurance and must enforce this mandate with penalties stiff enough to motivate people and businesses to comply. If the penalties are weak but insurers are required to accept everyone regardless of preexisting conditions, this would encourage people to wait until they are sick to buy coverage. The President's proposal includes language from both the Senate and House bills. It lowers the flat dollar penalties in the Senate bill from \$495 to \$325 in 2015 and \$750 to \$695 in 2016, but as an alternative, gradually raises the percent of income to the same level as the House bill, or 2.5% of income.

Make health care more affordable.

If we demand that everyone buys insurance, we must help those without the necessary financial resources.

Reduce costs.

So far, neither bill passed by the Senate or House bill nor the President's proposal would reduce health care costs, which, at



\$2.5 trillion annually, or more than 17% of our GDP, are on a path to bankrupt our country.

Improve quality.

Make sure the reform bill rewards physicians and hospitals for using best practices, eliminates needlessly wide variations in care from one state to the next, expands the coordination of care among doctors, improves care for chronic illnesses, and begins to refocus our health care system on keeping people healthy.

Fund Medicare Advantage for seniors.

Almost 40% of Pennsylvania's Medicare beneficiaries are covered by MA plans, which, unlike Medicare, focus on prevention and care coordination to keep members well. We must protect MA funding from severe cuts.

Fund health insurance for children.

It is high time we took care of our children; they are our future.

Avoid taxes and fees that raise the cost of insurance.

The President's proposal, like the Senate bill, places a \$70 billion tax on health insurers, but delays the tax until 2014 to coincide with broader reforms that would expand the insurance market. This tax would penalize non-profit insurers like IBC that operate with low margins. The legislation would also limit age-related discounts for younger people, tax so-called "high-cost" health plans, and require a minimum set of benefits that is higher than what most employers buy today. Actuarial firm Oliver Wyman, Inc. estimates that average premiums would increase by 54% for individuals and by 20% for small employers — the opposite of the goal of health care reform.

Create state-based health insurance exchanges.

Operating under federal guidelines, state-based exchanges would help customers comparison shop for coverage while also improving competition. States already have the infrastructure and staff to oversee and enforce these regulations. A federal exchange would create unnecessary confusion among consumers, add expenses, and increase bureaucracy.

Implement reforms before increasing costs.

Many reforms that could lower costs or increase the number of insured would not take effect until 2014, but some provisions that would add costs for insurers and the insured could begin in 2010 or 2011, like developing standard benefits booklets to be used by all health insurers. Reform must come before costs are increased.