

TESTIMONY

EXPANDED OPEN ENROLLMENT PROGRAM:  
AN IDEA WHOSE TIME HAS COME

AGRICULTURE AND DEVELOPMENT SUBCOMMITTEE  
HOUSE FINANCE COMMITTEE

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Good afternoon, Mr. Chairman and members of the Subcommittee. My name is Col Owens and I am a Senior Attorney at the Legal Aid Society of Southwest Ohio. I co-chair the Ohio Consumers for HealthCare Coverage Coalition, and am a member of the Governor's State Coverage Initiative (SCI) health care reform team. I appreciate the opportunity to testify today concerning the Governor's proposal for an expanded open enrollment process.

As background, the Governor's SCI Team worked hard last year to develop recommendations, pertaining to both our private and public health care systems in Ohio, with the goal of providing coverage to at least 500,000 persons, or roughly half of Ohio's adult uninsured. The Team's recommendations for the private insurance market included the following:

- That insurance companies in Ohio's individual market must offer coverage to all individuals and families that apply (guaranteed issue);
- That Ohioans who are able to purchase affordable coverage should be required to purchase at least a basic benefits plan (individual mandate);
- That Ohio should adopt increasingly progressive and restrictive rating rules, to be implemented over a period of time, to reduce the variance in rates in the individual market and to eventually reach a rating variance of 5 to 1;
- That Ohio should provide low-income subsidies to help people afford coverage; and
- That Ohio should adopt a number of other market reforms to insure the market runs smoothly and that people are not denied coverage or charged rates outside legal bounds. These would include:
  - limits on the ability of a carrier to exclude pre-existing health conditions;
  - increased administrative efficiencies to maximize the percentage of premiums paying for health care; and
  - improved reporting and analyses of operations to insure the market is running smoothly.

The SCI Team also included a number of recommendations pertaining to the Medicaid program. Presumably due to the current fiscal environment, these have not been included in the proposed budget.

Finally, the Team included recommendations pertaining to the employer-based insurance system, two of which are included in the budget: raising the age of dependents that could be covered under their parents' policies to 29; and requiring non-insuring employers to provide employees a section 125 cafeteria plan option, so they could pay premiums for coverage in the individual market out of pre-tax dollars.

The Governor's proposal for reforming the open enrollment program is a significant first step toward implementing the above-described market reforms. It is a modest step, all would agree, when compared to the SCI Team recommendations, but an extremely important one. It should be noted that all stakeholders in the health care system – insurers, providers, and employers – were represented on an Advisory Committee that met regularly and vetted ideas that came up during the SCI process. This is not to say that all parties agreed with all recommendations – that was not the case – but all recommendations were vetted extensively before being included.

The modified open enrollment proposal is a beginning step toward guaranteed issue. In discussions with the insurance industry during the SCI process concerns were expressed that requiring guaranteed issue must be coupled with an individual mandate, to insure that the program did not become captive to adverse selection, i.e., where only sick people would participate. The industry wanted to include – rightly - the so-called “young invincibles”, young people in good health who often do not purchase insurance. The SCI Team agreed and included not only guaranteed issue but also an individual mandate, coupled with subsidies to help those of limited means find insurance affordable.

Because there are not funds available for such subsidies in the current fiscal environment, a mandate would be impossible, as many would find even basic insurance unaffordable. And without a mandate, as noted, insurance companies are very concerned about guaranteed issue.

It should also be noted, that in conjunction with the recommendation to narrow the rate variance in the individual market, toward an eventual goal of 5 to 1, a reinsurance program was also recommended to help offset the increase in average rates that would result. Again, presumably because of revenue limitations, that proposal was also not included in the budget.

From a consumer perspective, the open enrollment proposal on the table would be hugely beneficial to many Ohioans of all income groups, who have pre-existing conditions and are currently shut out of the market by cost. The proposal offers consumers without insurance substantial relief in obtaining it, while imposing on those with insurance only a modest cost. This proposal incorporates the essence of the concept of insurance, that all work together to insure the needs of all are met.

This proposal goes some distance toward making that goal a reality. It would benefit 52,000 persons, according to the Department of Insurance - which is a far cry from the 500,000 the SCI Team hoped to help, but is a good start in that direction. Consumers strongly support this proposal and urge its retention in the budget.

Thank you for your attentiveness. I will be happy to answer questions.