

SUMMARY OF TESTIMONY OF GENE BARR

VICE PRESIDENT, GOVERNMENT AND PUBLIC AFFAIRS

PA CHAMBER OF BUSINESS AND INDUSTRY

APRIL 30, 2008

BEFORE THE SENATE REPUBLICAN POLICY COMMITTEE

The PA Chamber of Business and Industry is the largest broad-based business advocacy group in Pennsylvania with over 24,000 members and customers. We represent a broad range of business interests from the largest companies in PA to some of the smallest in all sectors of our economy.

We appreciate the opportunity to appear before you today to discuss the important issue of health care.

We have been highly engaged on the issue particularly since the announcement last year of Governor Rendell's plans on the issue.

The Chamber has presented a number of communications to the legislature over the last year and we have distributed that to the committee members.

Health care reform needs to be more than figuring out who gets stuck with an inflated bill. We congratulate the governor and legislature for tackling the important issue of hospital acquired infections, and much more needs to be done to address the cost drivers in health care and health insurance. This activity needs to be centered on the following: legal reform, a moratorium on mandates and creation of a basic health care plan, and more of a drive to consumer driven health care, e.g. health savings accounts.

We know that the lack of legal reform drives up costs for the business community in their operations and has an adverse impact on health care and health insurance costs by increasing the use of 'defensive medicine.' Both joint and several liability reform and a stronger look at limitations on non-economic damages are necessary to improve PA's legal climate.

Pennsylvania already has approximately three dozen mandates on health insurers. A number of others are proposed. While we sympathize with those afflicted with these conditions and diseases, making their coverage mandatory for all insurers drives up the cost of insurance and increases the likelihood that businesses, particularly small businesses, will drop coverage.

Finally, we need to put consumers more in charge of their health care options. While options such as health care savings accounts are not appropriate for all, they have helped many who were previously insured to obtain coverage in a cost-effective manner.

Regarding the current version of SB 1137 which seeks to expand health insurance coverage in PA, we have a number of significant concerns.

Primarily, we believe this program has not been adequately funded and in fact, will likely be more expensive than anticipated, based on the experience of states that have passed similar plans, such as Massachusetts.

We also have serious concerns with provisions in HB 2005 as passed the House. That bill would prohibit insurers in PA from imposing any limitations on pre-existing conditions. While we need to find a fair, equitable, and compassionate solution to the problem of those unable to find affordable insurance due to a pre-existing condition, such an absolute ban on considering these conditions by an insurer strikes at the very concept of insurance. If such language were enacted, it would greatly reduce the need for an individual to keep full-time health insurance if they can simply pick up coverage when needed.

Finally, there has been discussion of tying the M-Care abatement resolution to passage of health care legislation. In fact, these two issues are independent of each other and need to be separated. Additionally, enactment of the legal reform measures detailed earlier in this testimony will go a long way towards reducing or eliminating the need for such a program.

Thank you for your attention and for the opportunity to pass along the concerns of our members.