

**A Look at a Pennsylvania Corporation, “start –ups” and CDH plans,  
And Single Payer System impacts...  
An outlook for The Commonwealth of Pennsylvania**

Mr. Chairman, Honorable Senators, Ladies and Gentlemen:

My name is Raymond Doreian and I am a 25-year resident of the great Commonwealth of Pennsylvania. I have been licensed in the health insurance field since 1972, and I am the owner of The TriniCore Company, a 14 year, PA-resident insurance agency specializing in employee benefits with particular emphasis in the field of health insurance. Having been born and raised in Australia, assuming my accent did not give that away, I must alert you: Please do not adopt a Single Payer system. I can provide graphic and disastrous examples of system failure impacting my Australian family and friends. You would not want to be held accountable for these types of tragedies.

I come today in the hope of being able to provide you with an example of “what has worked” for the employees of a growing PA corporation for the past 14 years and corresponding preventive care opportunities, some of the difficulties associated with getting affordable health insurance for PA “start-ups” and recent plan enhancements that provide affordable comprehensive coverage; and a quick look at a single-payer system with a couple of personal testimonies of the impact of this system on my immediate family and friends.

**Firstly, “What has worked” for a growing PA Corporation...**

When we assumed the responsibilities for insuring the lives of this 400-employee corporation in 1994, the owners wanted to provide good health insurance for their employees and control the “runaway” costs that were occurring in 1994. This firm was “employee-friendly”, had already instituted a “walk for rewards” program, was ready to consider instituting a “smoke-free” workplace and seemed willing to consider a longer term strategy to building a legacy. Over the past 14 years, with the implementation of a smoke-free environment, increased exercise-rewards programs, and the shift away from an indemnity-style “health plan” to a pro-active, preventive-medicine PPO arrangement with specialty-provider Employee Assistance Plan (EAP), dental and vision plans, using monthly claim analysis data, we have been able to maintain this firm’s extremely rich plan and keep its costs on a 5% gradient and provide excellent health care for the employees over the period.

Effectively, we have been “counter-culture” during the “reductions-in-benefits-and-increased-copay” period, as we have made it comparatively less costly for the employees to obtain services and obtain generic prescriptions; incidentally generics are currently \$5.00 copay. We have literally argued that prevention is better than cure and early diagnosis produces better results... and both are less costly over the longer term.

Now at 2,000 employees and still growing, the benefits of this preventive approach are providing better employee health, greater productivity and growth opportunities for the corporation.

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### **Secondly, difficulties associated with getting affordable health insurance for PA “start-ups” and recent improvements...**

As we all know, from around age 40, “things start to go downhill!” And as many “start-ups” are conducted by 40-50 year olds in “second career” mode, to which I can personally attest, obtaining quality, affordable health-insurance is difficult and has been nearly unaffordable until recently. (With a major career change at age 49 before the advent of CDH per se, and with a wife and two young boys at home, my only affordable option was a \$5000 annual-deductible indemnity plan). Also, with the “oil-change/tune-up” mentality that has been fostered within health insurance industry implying that everything involving personal health is “covered”, only through the introduction of Consumer Directed Health (CDH) plans and their high deductibles is Health Insurance getting back to a personal, responsible reality. This involves considerable long-term education with potential clients, involving communicating the facts that each one of us is responsible to maintain our own health, get our own check ups and “purchase our own cough remedies...”, with health insurance providing for the cost of long-term disease and illness. This process involves a number of meetings and communications to demonstrate “how the system” works, showing how CDH plans allow individuals as well as “start-ups” to provide high quality health insurance, and with/through the IRS provision of Health Reimbursement Accounts, to provide tax-preferred reimbursement of deductible-expense health cost items.

Further, high deductible CDH plans with their first-dollar preventive benefits provide an excellent initiation to “free-riders”... to witness firsthand the benefits of health insurance. These plans are low-cost and as the usual free rider is a “20-30 something,” these plans provide the emergency and catastrophic coverage needed to avoid overall system collapse.

### **Single Payer system ...**

The single-payer system in Australia is a good “system check” for us in the Commonwealth of Pennsylvania (and the USA), since our Medicare and Medicaid programs are based upon the 1960’s Australian single-payer system. The Australian system has gone through three major overhauls since that time and is in flux even at this time. Then, it must be noted that the single-payer system in Australia has only “survived” to date by:

1. Collecting a 5% “health tax” from all taxpayers (2.8% for under \$5,000.00 annual-income earners, on top of their high income tax rates, and
2. Redesigning itself virtually every decade.
3. Redefining its covered population by segregating low cost users (Age 31 and below) for GHI coverage, and Restricting coverage to defined/state population groups, and
5. Requiring all individuals Age 31 and above to Purchase Private Health Insurance (PHI) for their own health coverage, or contribute an additional income tax levy to participate on the Government Single Payer Health System (GHI)
6. Severely restricting the custodial provisions of the program to “terminal” cases.

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**IMPACTS (of a Single Payer System):**

My step-mom following a 12 year bout with cancer was allowed to see a cancer specialist. She was diagnosed for “palliative care”. Prior to 2005, she was not “sick enough” to enter the “formal” cancer treatment system. Mom is now in custodial care... awaiting death.

A high school classmate and professional football star diagnosed with Cardio-Myopathy, determined “too well for transplant surgery”... died eight months later because of the delays and absolute bureaucracy from a system set up to ration health care.

Several other family situations have produced similar results, essentially the result of “informal” health rationing. Currently, rationing has been proposed for introduction to reduce health system costs. No one to date in government circles has published on the human and family impacts of this pending decision.

**Pennsylvania Opportunities...**

But I come today in the hope of being able to provide you with three items for your consideration, as you work through Pennsylvania’s health care issues.

Let me preface my remarks concerning “preventive care opportunities”, etc. by saying that these thoughts are mine and also some valued colleagues with whom I associate. As such, they are not necessarily the views of the Pennsylvania Association of Health Underwriters

The items I would have you consider are:

1. Preventive Care Opportunities
2. Government Health Care Support
3. Provider Initiatives for Cost Reduction

**Preventive Care Opportunities:**

Similar to the premium-benefit structure authorized by the Commonwealth (5% discount) in regard to Workers Compensation Insurance wherein the employer maintains an active Certified Safety Committee, producing a commensurate improvement in overall loss ratio, it is believed that the Commonwealth has an opportunity to lead in the development of citizen-employee wellness with appropriately-designed sponsor incentives that would produce citizen-employee wellness.

Again, I would add four (4) personal thoughts for your consideration and conversation with the Insurance Commissioner that might help to significantly improve the health of Pennsylvania citizens, and also help stem the rising cost of health care in the Commonwealth.

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1. *Provide the opportunity for Health Care Insurers to reduce their filed rates by up to 5% on the basis that their policies incorporate and require an annual physical check-up requirement by a licensed medical practitioner (MD or DO). This would not be mandated such as Workers’ Compensation is but would be encouraged since employees and employers will respond if they see money in their pocket.*
2. *Provide for an additional 1% rate benefit where a sponsor company can demonstrate to its insurer that 25% or more of its employees have achieved optimum weight reduction under medical supervision*
3. *Provide a corporate tax rebate of 10% of their premium cost for dental coverage (net of any employee contribution for either themselves or their dependents) to companies that offer or facilitate employee dental coverage with twice-yearly comprehensive dental examinations with cancer screening*
4. *Provide a corporate tax rebate of 10% of their premium cost for vision coverage (net of any employee contribution for either themselves or their dependents) to companies that offer or facilitate employee vision coverage with minimum biennial (every other year) comprehensive eye examinations with cancer screening by an ophthalmologist.*

**Government Health Care Support:**

Understanding that the Commonwealth provides government health insurance (GHI) of “last resort” for Pennsylvania citizens dependent upon their fellow citizens to assist them with their health care, it is the responsibility of the legislators of the Commonwealth to ensure that the programs so established to meet these various needs are made available to those citizens in the most professional and cost effective manner available.

I strongly recommend that Adult Basic and CHIP use the professional services of Pennsylvania-resident health insurance agents to educate, enroll and assist the Commonwealth in providing this service to the larger community. Act 147 says that any insurance must use licensed producers yet we have two major programs, CHIP and Adult Basic that claim to be insurance programs but in reality contradict the law. In addition, using insurance producers means that the applications will be complete and have the needed documentation before going to the insurance company. That will save resources because applications won’t get kicked out of the system when field underwriting can be of help.

I hope that this testimony has been useful to you and I thank you very much.