

**Testimony offered at the Joint Field Hearings
of the
Ohio House Healthcare Access and Affordability Committee
and the
Ohio Senate Health, Human Services and Aging Committee
Zanesville, Ohio August 6, 2007**

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Chairmen Raussen and Coughlin and members of the Committees, I am Marianne Steger, Director of Health Care and Public Policy for AFSCME Ohio Council 8 which represents more than 41,000 public employees working in Ohio's cities, counties, schools, hospitals and institutes of higher education. I have spent the last 25 years working for AFSCME and the past 10 of them working extensively in the field of health care policy and benefit design. I am a Certified Employee Benefits Specialist from the Wharton School of Business and the International Foundation of Employee Benefit Plans.

AFSCME Ohio Council 8 partners with more than 300 employers from employers with less than 100 employees to those with thousands. We have great empathy for what the escalating cost of health care has done to the budgets of employers. That is why we work collaboratively with them to reduce the cost of health care, like strongly encouraging the use of generics or steering people away from emergency rooms when a doctor's office will do. But even with our best efforts, the rising cost of health care often means layoffs for our members, lack of funds to purchase needed equipment or a member deciding against filling a prescription because he/she cannot afford the co-pay.

One of our diabetic members in Cincinnati just progressed to kidney failure. John is not overweight; he generally eats well, but simply cannot afford to test his blood as often as he should. John needs to check his blood sugar 6 times a day on a good day. A vial of 50 test strips costs \$50 so he goes through 3.6 vials for a cost of \$180 a month. Of course there are costs for lancets and drug co-pays as well. John earns \$25,000 a year and simply

cannot afford to spend that much money on his testing supplies. The result his diabetes has progressed.

I recently completed work with our joint labor management committee at the City of Niles which employs less than 200 employees. Their health plan is self-funded with individual stop-loss insurance for claims in excess of \$50,000. This year they engaged in a competitive bidding process for their stop loss coverage and ran into the same problem that other employers face when they purchase stop loss insurance.

The companies agree to sell them stop loss for all individual claims above \$50,000 except for two employees who had high claims. For those employees the stop loss will kick in only after the employer pays \$100,000 for those employees' claims. In the industry this is called a "laser liability" and is common. When insurance companies pick and choose who they want to insure in a group setting, it is kind of like buying lottery tickets after the winning number has been revealed.

We really need to stop talking about health insurance—especially in light of the fact that there is no guaranteed issue. Insurance should take all risks and assume that the losses will be balanced out by those who do not produce high claims. But the truth is in Ohio the insurance industry picks and chooses who it wants to insure, and in the process lots of folks get left out. I believe it is time we stop talking about health care insurance and start talking about health care financing.

When insurance companies won't issue insurance to individuals or small employers or fully take on a stop loss policy without lasering out the sick folks, this is not insurance. This is a lack of willingness to finance needed medical treatments. When a low income employee's only option is a plan with a \$5,000 a year deductible that is not insurance that is a lack of financing for needed medical treatments. When an employee with hepatitis C cannot afford the co-pay for the only drug that will prevent a liver transplant because the co-pay is \$100 a week, this is not insurance this is a lack of financing for needed, effective medical treatment.

There are plenty of more examples like this. But the real question is how do we get more people covered by health insurance so that they can finance their health care costs? The governor wants to create a Connector—a market place where people and employers can purchase health insurance. But a market place where many people are refused insurance is not really a market place.

So here are some practical solutions that Ohio should consider to allow more people to gain coverage in the market place or Connector.

1. Stop loss companies should not be allowed to pick and choose which specific employees they will cover. Laser liabilities should be outlawed.
2. All Ohioans (employer groups and individuals) should have guarantee issue. No one should be turned away from insurance.
3. Individuals and small employers should all be community rated. That way everyone benefits from the rule of large numbers.
4. A reinsurance pool that would allow employers and or individuals to buy into a large statewide pool for coverage of really high claims costs should be established to help individuals and small employers afford health insurance.

In addition to these items the state should dedicate some amount of funding to move Ohio's antiquated medical records systems into a state of the art electronic system. How shameful is that if I am out of town and want to buy something on credit any retail store can pull up my entire credit report, but if I lose consciousness while traveling no one knows what medication I take, if I am allergic to something or I have a pacemaker, etc. If the retail industry can do this, so should the medical industry. There are, at a minimum, 100,000 preventable deaths in the nation each year due to medical errors. Improving our medical technology with e-records and e-prescribing could go a long way in reducing this number.

Finally given the high cost of health care we should revisit some sort of global budgeting to remove unnecessary waste in the system. Some examination should be given to whether it is cost effective to have as many MRI machines, for example, as we have. When they sit idle, hospitals have to come up with money to pay for this unused equipment. Perhaps it is time to look at reinstating certificate of needs programs. When health care dollars are this tight there is no room for waste.

These are just a few items the state could look at from a practical point of view to help improve access for health care. Of course for those citizens who simply cannot afford to pay for health care coverage or their employers do not provide health care, we need a solution to cover them. So any serious attempts at covering Ohioans with health care coverage should also expand coverage to those less fortunate.

Thank you for this opportunity to address you.