



HOUSE FEDERALISM & INTERSTATE RELATIONS COMMITTEE  
Interested Party Testimony on HB 85

Tuesday, May 15, 2018

Chair Roegner, Vice Chair Becker, Ranking Member Leland, and members of the House Federalism & Interstate Relations Committee, thank you for the opportunity to provide testimony this evening regarding **House Bill 85**. My name is Micah Derry, and I am the State Director for Americans for Prosperity – Ohio. On behalf of our tens of thousands of activists across the Buckeye State, I am testifying today as an interested party to this legislation which, if enacted, would enter Ohio into a state-based Health Care Compact. I would like to take this opportunity to discuss how crucial it is to devolve power from Washington to the people, and how we can achieve better health, for more people, at a lower cost for the state of Ohio.

When our Founding Fathers envisioned a new nation free from the rule of a government a world away, they conceived of a system that, at its heart, was immediately accessible to each and every citizen. Over the last two centuries, as our nation has grown, so has its government. What's worse, as the federal government's powers have increased, so has the absence of respect for state and local powers as intended by our forefathers. Seemingly with each generation, the federal government has slowly but surely usurped the authority of states to govern and regulate themselves. Where there used to be many laboratories of democracy, there now is one giant factory floor on which Big Brother orders his 50 siblings how to act.

Specifically, when it comes to health insurance regulation, we have seen a massive encroachment into state domain by the federal government, and the enactment of the Affordable Care Act (ACA), or Obamacare, has exacerbated matters severely. Since Obamacare went into effect in 2010, we have seen year after year of rising coverage costs and a vanishing healthcare provider market. States must be able to make these decisions for themselves. A Health Care Compact is one path, which already has nine members (Alabama, Georgia, Indiana, Kansas, Missouri, Oklahoma, South Carolina, Texas and Utah).

States are generally more effective regulators than the federal government, and healthcare is no exception. Simply by virtue of scale, a single state, which typically has only a few million residents, can better regulate its own healthcare industry, whereas the federal government would ostensibly need to oversee a healthcare industry that services more than 300 million people. Through an HCC, for example, states are still free to enact their own healthcare policies, whether they are more regulated than average or more market-based. A market-based approach would resemble:

- Allowing for individuals and businesses to buy insurance plans across state lines;

- Allowing longer-term insurance contracts for more than one year with guaranteed renewability;
- Fostering the creation of a market for lifetime health status insurance, where people insure against developing an illness that would cause a premium increase;
- Creating continuous coverage provisions to prohibit charging higher premiums to anyone who has been continuously insured; and
- Deciding whether guaranteed issue, which forces insurers to offer coverage to anyone regardless of health, and community rating, which forces insurers to charge everyone in a given area the same regardless of health status, are good policies worth pursuing.

Some of these policies could be passed whether or not Ohio passes a Health Care Compact. The Trump Administration is currently finalizing a proposed rule allowing for an off-ramp from overregulated insurance exchanges in the form of short-term, limited-duration plans. These plans are not required to comply with onerous Washington dictates, but instead are reliant on state insurance rules. Many of the benefits that would be achieved through a Compact could be done simply due to this proposed rule being enacted.

As previously mentioned, states are historically better regulators of not just the health insurance industry, but most others. In fact, before Obamacare, states used a variety of strategies to protect those with pre-existing conditions, precisely the kinds of people that are often hurt under the ACA. If only Congress and the federal government got out of the way, states would have the authority to innovate and improve health insurance options.

Rather, states ought to be empowered to reform failing safety net programs and innovate new ways to deliver quality health care. The federal government should, for example, grant states ultimate flexibility to experiment with innovative Medicaid programs through block grants or per-capita caps with explicit instructions to improve health outcomes for the most disadvantaged. This would mean a fixed amount would be sent to states for each eligible enrollee, leaving the state to decide how best to improve health outcomes. In other words, without a blank check from the federal government, states would have to find ways to best use their limited resources in ways to yield results to their citizens.

State should also be able to provide for more competition in healthcare, meaning more choice and lower costs. Such reforms should include:

- Eliminating certificate of need laws, which require medical practices to get state permission before building new facilities or buying new equipment;
- Enacting tort reform so as to limit frivolous lawsuits that only seem to serve special interests while increasing costs for everyone else;
- Eliminating restrictions that prevent certain medically-trained professionals from performing the full range of practice privileges they are allowed through their certification and licensure; and
- Eliminating regulations that discourage the use of telemedicine.

By instituting any number of market-based reforms, there is little doubt that relief will arrive for the family whose premiums have skyrocketed or the neighbor who unexpectedly lost his health insurance after being laid off. But for Ohio, this is more than a question of costs or competition. It's one that addresses whether or not you want your state to be ultimately beholden to the whims of a government seemingly a world away. Enshrining choice and competition in health care Ohio is a worthy goal and must be pursued however you decide on HB 85.

Thank you for your consideration of my testimony, and I would be happy to answer your questions at this time.

*Americans for Prosperity (AFP) exists to recruit, educate, and mobilize citizens in support of the policies and goals of a free society at the local, state, and federal level, helping every American live their dream – especially the least fortunate. AFP has more than 3.2 million activists across the nation, a local infrastructure that includes 36 state chapters, and has received financial support from more than 100,000 Americans in all 50 states. For more information, visit [www.AmericansForProsperity.org](http://www.AmericansForProsperity.org).*