



**Testimony of Barbara Gerken on behalf of the
Ohio Association of Health Underwriters**

In support of S.B. 9

Before the Senate Insurance and Financial Institutions Committee

March 13, 2019

Chairman Hackett, Vice-Chair Hottinger, Ranking Member Craig, and members of the Committee, my name is Barbara Gerken. I am Director of Employee Benefits Compliance for First Insurance Group which has several offices throughout Northwest Ohio. I am appearing today in my capacity as Legislative Chair of the Ohio Association of Health Underwriters (OAHU) in **support of Senator Matt Huffman's S.B. 9 which will require health insurers to provide health claims information to employer groups with 50 or more enrolled employees.**

OAHU's membership consists of insurance agents licensed by the Ohio Department of Insurance who specialize in the sale and servicing of health insurance benefits for both individuals and employers located throughout the state.

Background on Current Ohio Health Insurance Market

As way of background, historically, claims data has only been provided to employers with 100 or more enrolled employees, however, 50-99 employer groups and 100+ employer groups are **medically underwritten in the same way**. In fact, in the **50+ market health insurers can decline to provide health insurance coverage due to medical claims**.

Ohio's small group market (1-50) is rated differently than the 50+ market through what is referred to as "community rating". Community rating spreads the actuarial risk across all small employers in each health insurer's book of business within a specific rating area. Also, **Ohio's small group market is "guarantee issue" which means that health insurers must accept all such groups regardless of health conditions**.

Reasons for OAHU's support of S.B. 9

Based on the fact that Ohio's 1-50 small group market is community rated as I just described, S.B. 9 only applies to groups of 50+ enrolled employees. In the past few years there have been a plethora of new health insurance products introduced into Ohio's employer group market. Passage of S.B. 9 is very important to ensure that all 50+ size employers are able to provide their employees with reasonable health insurance options. It will empower employers to shop all funding arrangements and benefit designs available in Ohio's 50+ group market.

Health insurance and our health care system have come under a lot of scrutiny lately due to "health care reform" as well as the rapidly increasing cost of both health care and health insurance. **"Transparency" has become very important as consumers want providers to be more transparent with their billing which OAHU supports. OAHU also believes the same transparency is needed on the health insurer side as significant rate increases are becoming the norm.**

Health insurance is a significant portion of an employer's budget and in the top five of desired employee benefits. It allows employers to make decisions regarding the design of their programs that make sense financially for both the employer and the employee. In order for costs to be reduced, everyone must get involved and that includes the consumer. Consumers need to be aware of the choices they are making and how they affect the cost of health insurance.

The claims experience report we receive in the 100+ market today provides a wide range of information about an employer's benefit program that better enables the administrator and the agent/broker/consultant to provide a quality program to the employee. The report indicates how many are staying in the network, how many people are utilizing the doctor's office versus urgent care versus the emergency room. The reports detail the number of prescriptions filled and how they are dispersed between generic and brand, preferred and non-preferred.

All of this information is important because it impacts how much the employee, i.e. the consumer, pays after the service is performed or at the point of sale at the pharmacy. The more information we, as the employer or consultant, can provide to that consumer before they seek services, the more satisfied they will be with the choices they have made and the money they have invested in their care. Without this information they feel helpless and victimized in the process.

These reports allow us to keep the consumer more informed about their purchasing habits. When the reports show an increase in brand name drug purchases versus generic, we can bring in education programs showing the efficacy of generic drugs and the cost savings. When we have information showing a significant number of employees with a diagnosis of diabetes, we can offer diabetic and nutrition education lunch-and-learn programs. Informed and empowered consumers make smart purchasing decisions and will help to reshape the conversations regarding healthcare.

I want to emphasize that the claims information an employer receives is Protected Health Information under HIPAA and is required to be kept private. HIPAA has strict guidelines as to whom the protected health information can be shared, and under what circumstances this is appropriate.

HIPAA violations apply to healthcare providers, health plans, healthcare clearinghouses and all other covered entities (which includes health insurance agents and employers). Penalties for violation of HIPAA range from \$100 to \$50,000 per violation.

I have been in this industry for over 30 years. It has been one of the most misunderstood and much of that is due to the fact that decisions regarding health insurance are made in haste during very emotional times. I have experienced it personally, as I am sure each of you have at one time or another. It is for this very reason that the Ohio Association of Health Underwriters believes that passage of S.B. 9 is so very important. The information employers and their employees have, in advance, when making health insurance and health care decisions can help our health care system run more efficiently and effectively both from a cost and quality perspective.

In conclusion, OAHU believes that S. B. 9 is one of the most important pieces of health insurance legislation to be introduced in recent years and will enable more employers to be better prepared to advocate for their employees in the purchase and utilization of health insurance.