



Date: March 21, 2022

To: Members of the House Insurance Committee

From: Matt Appenzeller, Southern Ohio Chamber Alliance Benefit Plan

Re: Opposition to House Bill 451

Chairman Brinkman and members of the House Insurance Committee:

The Southern Ohio Chamber Alliance Benefit Plan encourages you to join us in our opposition to HB 451.

My name is Matt Appenzeller. In addition to my position as CEO and President of the Southern Ohio Chamber Alliance ("SOCA"), I serve as Plan Administrator of the Southern Ohio Chamber Alliance Benefit Plan ("SOCA Benefit Plan"). Thank you for the opportunity to voice our concerns regarding HB 451.

The SOCA Benefit Plan is a self-funded multiple employer welfare arrangement ("MEWA") that enables eligible employers to join together for health insurance. We have designed our Plan to own the risk in this arrangement. The Plan, administered by Anthem Blue Cross and Blue Shield, began operations in May 2016 by partnering with the Northern Ohio Area Chambers of Commerce, Central Ohio Chambers of Commerce, Dayton Area Chamber of Commerce and the Youngstown/Warren Regional Chamber.

Our goal is to provide a high-quality, cost-effective option to small employers. The daily pursuit of that goal has resulted in the largest MEWA in Ohio, and we believe we are also the largest MEWA in the United States.

Some demographics of the SOCA Benefit Plan include:

- We serve more than 7,400 small employers in Ohio.
- We provide Health Plan Coverage for 95,000 people (employees plus dependents.)
- The Plan is offered to small employers of 2 to 50 employees plus sole proprietors.
- Our average participating employer has approximately 7.5 employees enrolled in the Plan.
- Our clients include private business, a variety of non-profits including churches, and public entities such as villages, townships, and other political subdivisions.
- More than 270 authorized, local Chambers of Commerce offer the Plan to their members.

Notwithstanding the efforts of many talented people, the key driver of our growth is simply this: the SOCA Benefit Plan offers high-quality coverage and broad access at an affordable cost for small employers and their employees. Without affordability, the Plan is simply not a viable option for small employers. Cost containment is critical to our ability to offer the best possible coverage for plan participants at an affordable cost.



HB 451 is draconian as it removes the ability of health plans to contain costs for physician-administered specialty drugs while allowing providers to continue unchecked markups far beyond their acquisition costs. For employer-based plans, it would result in small employers absorbing the costs. These unchecked markups are substantial. **Prior to the implementation of the Specialty Rx Network, the average markup among Ohio hospitals was 350%.**

The SOCA Benefit Plan uses the Specialty Rx Network built by Anthem. The network facilitates the delivery of some clinically-administered specialty drugs directly to care providers when and where they are needed. This process, often referred to as "white bagging," circumvents the provider markups on these drugs by introducing competitive pricing where providers previously held exclusive control over costs.

Providers are given a choice to use the Specialty Rx Network or continue their current practices at a lower cost with regard to specialty drugs. When faced with the option, the majority of hospitals agreed to administer the specialty drugs as they have always done but at a lower cost. **Our internal estimates are that the introduction of this process has saved the SOCA Benefit Plan approximately \$1,000,000 annually. HB 451 eliminates this negotiating power while placing the cost burden upon the small employers in the SOCA Benefit Plan.**

Quality healthcare is not sacrificed. We've worked with Anthem to verify that, in the few cases where providers have opted out of price negotiations, there are protocols in place to ensure that plan participants receive timely and appropriate care regardless of where their specialty drugs are being sourced. Providers may ask for exceptions when necessary and Anthem has shown the appropriate flexibility for our plan participants. It's worth noting that we have not received a single complaint from plan participants as a consequence of this process.

As the named fiduciary of the SOCA Benefit Plan with the US Department of Labor, my primary responsibility is to act in the interests of the plan participants. We therefore oppose HB 451 for the reasons outlined above.

Thank you for your time and consideration. If you have questions, feel free to email them to me at matt@joinsoca.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Appenzeller", written over a white background.

Matt Appenzeller
President & CEO, Southern Ohio Chamber Alliance
Plan Administrator, SOCA Benefit Plan