



CPPP COMMENTS TO U.S. SENATE FINANCE COMMITTEE ON “EXPANDING HEALTH CARE COVERAGE: PROPOSALS TO PROVIDE AFFORDABLE COVERAGE TO ALL AMERICANS”

The Center for Public Policy Priorities (CPPPP) in Austin, Texas is a nonpartisan, nonprofit 501(c)(3) research organization founded in 1985 and committed to improving public policies and private practices to better the economic and social conditions of low- and moderate-income Texans. CPPPP appreciates the opportunity to comment on the Senate Finance Committee’s May 14, 2009 report, “Expanding Health Care Coverage: Proposals to Provide Affordable Coverage to All Americans.”

We endorse the detailed comments submitted by Community Catalyst ([copy attached](#)). In addition, we wish to call your attention to the proposals in that paper we most strongly support, along with areas in which the proposals fail to provide adequate reform.

We strongly support:

- **Committee proposals to build on the successful public programs Medicaid and CHIP**, and to standardize higher coverage thresholds across the country.
- **Creation of a Health Insurance Exchange** to provide affordable coverage to Texans who lack access to affordable coverage. As you know, one in four Texans (and one in three working-age Texas adults) is uninsured, and we have one of the lowest rates of employer-sponsored insurance in the nation.
- **Establishment of a public plan** to help provide coverage to uninsured and under-insured Texans seeking coverage through the Health Insurance Exchange. To have true consumer choice, Texans must be able to choose between private for-profit, non-profit, and public insurers. Consumers should be free to decide which model works best for them.
- **Establishment of strong national standards for all health insurance**, including guaranteed issue and adjusted community rating.
- **Creation of both an obligation for income-appropriate contribution to costs of care, and affordability protections for all.**

We are concerned that these key goals are not addressed:

- **This report does not propose to create a clear upper limit on Texans’ exposure to health care costs.** Affordable access to an adequate standard of care for every American at every income is the bedrock goal of health reform. We reiterate our support for the comment from Community Catalyst that Americans at every income level need this protection (e.g., premiums plus out-of-pocket spending must not exceed 9 percent of family income). Of course our lowest-income families must have the strongest affordability protections.
- **We are concerned that the insurance market reforms proposed do not go far enough to be effective in Texas.**

Texas Department of Insurance data show that under current Texas law (compliant with HIPAA) insurers may legally charge as much as \$62,000 per person to a small employer group with up to 50 employees. In practice, the TDI data show real-world maximum annual per-person premiums as high as \$29,000 charged to small Texas employers.

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Texans and all Americans will not regard a system that allows a premium range of 7.5:1 for factors beyond the individual's control and unrelated to ability to pay as meaningful reform. We strongly urge the Committee to pursue true adjusted community rating with a maximum premium variation ratio of 3:1 based on all allowable rating characteristics. We suggest that national reform should not allow any more variation than would be tolerated under the NAIC model law for small group adjusted community rating. These reforms should, at minimum, apply to individuals and groups with up to 50 employees.

We respectfully submit these comments on this issue that is so important to every American. We thank you for your service in working to guarantee every one of us access to a decent standard of health care no matter what our job, income, or health status. You can learn more about CPPP at <http://www.cppp.org>.

To learn more, sign up for e-mails, or make a donation, go to www.cppp.org.

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