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A message from the Acting Insurance Commissioner...

Hello. I want to take this opportunity to introduce myself and welcome you to PA Insurance Insights, a periodic newsletter that I plan to use to keep you updated on what's happening in the Pennsylvania Insurance Department.

I have had the privilege of serving in my new role for about four months now. During that time, I have enjoyed meeting many of you. For those of you I have not met yet, I want to share a little bit about my background and my vision for the department.



I am originally from Oregon, where I served as the administrator (commissioner) of the Oregon Insurance Division. About three and a half years ago, I moved to the East Coast to serve as a federal insurance regulator in Washington, D.C.

After a few years in the federal government, I can't tell you how delighted I am to be a state insurance regulator again. I am a state regulator at heart, it is my passion, and it is where I believe the regula-

tion of insurance belongs. Having been both a state and federal regulator, I firmly believe state regulators are in a much better position to regulate the insurance industry and protect our consumers.

My vision for the Insurance Department is that we embody Governor Wolf's promise of a government that works. In this case, a government that works means an insurance department that is transparent, responsive, effective, and fair. We will be transparent in how we conduct our business. We will be

responsive to all our stakeholders, including the individual and business consumers we protect and the industry we regulate. We will be effective by focusing on the problems before us and be diligent and creative in finding solutions to those problems. We will be fair in regulating Pennsylvania's insurance market. Most importantly, we will put the policyholders - the consumers of our state - first in everything we do.

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A message from the Acting Insurance Commissioner...

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CHIP

There is no clearer example of prioritizing consumers than the issue I confronted literally day one in this job. As soon as I took office, I learned that the federal government had just determined Pennsylvania's at-cost CHIP plans, those in which the families pay the entire premium, did not meet the minimum essential coverage requirements set forth under the Affordable Care Act. This meant the families of the 3,600 children with these plans would face tax penalties for both 2014 and 2015.

We got an exemption for these families from the tax penalty for 2014 and for 2015 while we worked to bring CHIP at-cost plans into compliance with federal rules. I am delighted to report that these plans now meet federal standards.

King v. Burwell

Making government work and fixing problems is one of the primary reasons I jumped at the chance to be a state regulator again. I love solving problems. The bigger and more complex the problem, the more challenging and more fun it is to solve. If I've learned anything in my roughly four months in this job, it is there is no shortage of problems facing the Insurance Department.

For example, we are awaiting a decision from the Supreme Court this summer that could have a significant impact on our state and the approximately 380,000 Pennsylvanians currently receiving premium assistance to help them pay for health insurance coverage through the health insurance exchange operating in Pennsylvania. We are working very hard to put together a plan to transition Pennsylvania to a state-

based exchange to protect these Pennsylvanians should there be a decision from the Supreme Court that eliminates subsidies for individuals purchasing coverage through an exchange operated by the federal government.

If the Supreme Court does not eliminate subsidies for our consumers, I still hope to work with the General Assembly to transition Pennsylvania to a state-based exchange because I truly believe state government is better positioned to protect consumers and regulate the insurance industry.

My Goals

As these few examples illustrate, health insurance issues continue to be front and center in Pennsylvania, as they are in many states. However, while I plan to work hard on the many health insurance issues facing the commonwealth, I don't plan to focus solely on health insurance. Even in the few months I have been on the job, I have had the opportunity to spend time discussing other issues such as transportation network companies and concerns about potential gaps in insurance coverage, price optimization, and international insurance policy.

Regardless of the issue, my approach is always the same: I focus on the impact on consumers, employers, and our insurance market in the commonwealth. That, I believe, is the role of an insurance regulator. We exist to protect those buying the essential product that insurance is, which provides the financial security and peace of mind so vital to our families. To achieve this, we must make sure policyholders are treated fairly by insurance companies.

My department has a role in pro-



moting a competitive insurance market so consumers have options and prices are stable. We achieve this goal by ensuring that we have a level playing field in the market, meaning we are fair in our regulation. By promoting this vibrant and competitive market, we help businesses as well as individuals have greater choice and lower prices.

Again, welcome to PA Insurance Insights. This newsletter is part of my commitment to promoting a government that works and ensuring we are transparent in conducting our business. I look forward to working with all of you to maintain and promote an even more robust and competitive insurance market that will best serve the consumers in the commonwealth.

I believe communication with the people we serve is one of the most important aspects of governing effectively. I hope this periodic newsletter helps me do that, and I hope you think so too.

Feel free to contact the department at ra-in-PAInsights@pa.gov.

Thank you,

Teresa Miller
Acting Insurance Commissioner

May 4, 2015 Public Hearing on Highmark's Transfer Request to Allegheny Health Network

The Insurance Department held a public hearing May 4 in Harrisburg on Highmark Inc.'s implementation of the Department's 2013 Order, which approved Highmark's affiliation with West Penn Allegheny Health System, and proposed transactions subject to the Order, including Highmark's request to transfer, through a grant, \$175 million to Allegheny Health Network.

Because this issue is of such importance to so many health care consumers in western Pennsylvania and the economic future of the region, Acting Commissioner Miller decided to hold a public hearing to gather input from interested parties and to open our process to the public as we consider this important decision. Conducting

business this way is in keeping with Governor Wolf's pledge of an open and transparent administration.

More than three dozen people, including several state legislators, local elected officials from southwestern Pennsylvania, and several

people in the health care industry took time to present their views through in-person testimony or submitted comments. Highmark made a detailed presentation supporting its request, and consultants from Blackstone discussed its role as advisors to the Insurance Department.

The hearing is archived on our website, www.insurance.pa.gov. You can view it by visiting the Highmark Public Hearing page.

Acting Commissioner Miller understands that time is important to everyone involved, but wants to assure you that we will take the time needed to carefully consider all the information and comments we received and to make the right decision.



Deputy Insurance Commissioner Steve Johnson, Acting Commissioner Miller, and Chief Counsel Yen Lucas hear testimony at the May 4 hearing.

Meet Our New Staff

Johanna Fabian-Marks

Fabian-Marks joined the department in April as a Special Deputy and is focusing on health care reform implementation, including development of Pennsylvania's application to become a Supported State-Based Health Insurance Marketplace and analyzing PA's Essential Health Benefit benchmark plan options.

Prior to joining the department, Fabian-Marks worked on health care reform at the federal level for about five years at the Center for Consumer Information and Insurance Oversight in the Centers for Medicare and Medicaid Services. While at CCIIO, she worked on a variety of projects, including implementation of the market rules, rate review, and medical loss ratio provisions of the ACA.

Glenda Ebersole

Policy Director Glenda Ebersole is not a stranger to the department. Ebersole joined the Insurance Department in March 2013 as an Executive Assistant to the Commissioner.

As Policy Director, she works with both the Insurance Department and the Governor's Office to ensure that the policy goals of the Wolf Administration and Acting Commissioner Miller are met. Ebersole also works in collaboration with the commonwealth's other health and human services agencies to ensure that the department's policy efforts are coordinated.

Ebersole has a bachelor's degree in public policy from Penn State University.

Chris Monahan

New Deputy Insurance Commissioner for Market Regulation Chris Monahan also comes from within the department. Monahan was the director of the Bureau of Market Actions from 2010 through March 2015, where he oversaw consumer protection related to insurance company activity. From 1997 until 2010, Monahan was the supervisor of the department's Division of Market Analysis, where he oversaw market regulation projects.

From 1989-97, he worked as a market conduct examiner and special investigator for the department.

Monahan has a bachelor's degree in public policy from Penn State University.

Help Shape Pennsylvania's Health Future

Pennsylvanians have the chance to recommend what Essential Health Benefits (EHB) benchmark plan should be used to determine benefits for individual and small group health policies available in our state starting Jan. 1, 2017.

The Affordable Care Act (ACA) requires that individual and small group health care plans cover a specific set of services, including ambulatory patient services; emergency services; hospitalization; maternity and newborn care; mental health and substance use disorder services, including behavioral health treatment; prescription drugs; rehabilitative and habilitative services and devices; laboratory services; preventive and



wellness services and chronic disease management; and pediatric services, including oral and vision care.

Because the commonwealth did not choose a package for consumers back in 2012, Pennsylvania's current plan was selected for us by the federal government.

To keep Governor Wolf's commitment to transparent government, and get the best plan for the most Pennsylvanians, we want your input on what benchmark plan to recommend to the federal government. Go to our homepage, www.insurance.pa.gov, and click on the icon pictured above, to see the new options, the current plan, and to submit your comments to us by June 12. Thank you for your help!

MCare Fund Settlement

Pennsylvania health care providers are assessed a fee each year to cover the costs of malpractice claims, and this money goes into a fund known as the Mcare Fund. Recently, the Mcare Fund settled lawsuits, resulting in refunds being available for providers through the settlement.

The settlement requires that any balance in the Mcare Fund at the end of each year be used to reduce the assessments for the following year. In 2015, this resulted in \$61 million being used to reduce the assessments. The settlement covers 2009-2012 and 2014. About 55,000 health care providers are eligible for refunds.

Visit our website for more information about the Mcare settlement refund process.

Act 2 of 2015

One of the first laws signed by Governor Wolf is Act 2 of 2015, allowing four entities now organized as medical professional liability reciprocal exchanges to convert to stock companies, and allowing any medical professional liability reciprocal exchange established in the future to do the same.

Malpractice insurance is a major cost for medical professionals and a key consumer protection for patients. The medical malpractice crisis of the early 2000s led to the creation of these reciprocal exchanges, which raised their initial capital

by assessing physician members. However, this structure does not allow these companies to grow. Letting these exchanges convert

to stock companies allows them to raise more capital, thus enhancing competition in the medical malpractice insurance market.

Competition should keep this vital protection more affordable for our medical professionals, encouraging more to practice in our state, benefiting all Pennsylvanians.

To view the entire text of Act 2 of 2015, which began as House Bill 159, visit the Pennsylvania General Assembly's website.



Governor Wolf after signing his first bills. (Photo courtesy of www.flickr.com/photos/governortomwolf)

Consumer Alerts

Affordable Care Act Preventive Care Benefits

Part of the Insurance Department's plan to deliver on Governor Wolf's pledge of a government that works is to make Pennsylvania insurance consumers more aware of the benefits to which they are entitled under their policies. The department recently issued a consumer alert on one such benefit: insurance coverage without any co-pays for tobacco cessation programs. This is available under policies bought through the Affordable Care Act (ACA) marketplace as well as other individual and small group plans.

A recent American Lung Association report showed that while Pennsylvania insurers are doing a better job than those in most other states of covering tobacco cessation treatments, most health plans did not provide coverage for the full range of programs that are available under preventive care. The report found most Pennsylvania in-

urance plans are not covering all seven FDA approved tobacco cessation medications.

The department also issued a consumer alert following a report by the federal Department of Health and Human Services reminding consumers that contraception coverage is available through most health plans under the Affordable Care Act at no cost to the policy holder.

Encouraging more people to use preventive care and avoid getting sick in the first place is an important way the ACA is helping hold down health care costs. The department is working to ensure that consumers know the benefits they are entitled to under the ACA.

We look forward to working with our insurance providers to make sure they are delivering the top quality products and services our citizens have come to expect and deserve.

Earthquake Insurance

Recently, the department began seeing homeowners policies with endorsements excluding earthquake damage when the earthquake was not "naturally occurring." After looking into this, the department determined these exclusions were related to fracking. This process is used in the Marcellus Shale formation, which lies under large sections of Pennsylvania.

While scientists believe high pressure injection of water into specific types of earthquake faults can cause earthquakes, this is only one of many causes and determining with certainty that fracking caused a quake is very difficult.

The department notified insurers that homeowners policies with earthquake endorsements denying coverage when the earthquake was not "naturally occurring" is not permissible, and these insurers need to file new endorsements without the exclusion by July 1, 2015.

Recent Press Releases

May 27, 2015 - Insurance Department Recommends Homeowners Make Sure Their Coverage Is Ready for Severe Weather

May 21, 2015 - Pennsylvania Insurance Department Offers Tips for Consumers Preparing for Summer Vacations

May 19, 2015 - Acting Insurance Commissioner Teresa Miller Reminds Consumers of Preventive Care Benefits Covered Under ACA

May 6, 2015 - Governor Wolf Announces Highmark Agrees to Pay All Unpaid Claims Filed by UPMC Since January

April 29, 2015 - Pennsylvania Insurance and Health Departments Issue Consumer Alert on Tobacco Cessation Coverage

April 23, 2015 - Pennsylvania Insurance Department Returns More Than \$66 Million in Restitution Payments to Consumers in Q1

March 27, 2015 - Wolf Administration Announces Significant Workers' Comp Insurance Rate Cut While Maintaining Benefit Levels

March 18, 2015 - Pennsylvania Insurance Department Urges Property Owners to Consider Flood Insurance

March 5, 2015 - Wolf Administration Announces Consumer Protection as Top Priority in Enforcement of Highmark-UPMC Consent Decree