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## A message from the Insurance Commissioner...

I want to begin this newsletter with a sincere thank you to the members of the Pennsylvania State Senate for my unanimous confirmation as Insurance Commissioner on June 3. It is humbling and gratifying to have the support of these men and women, and I look forward to working with all members of the General Assembly to implement Governor Wolf's vision of a government that works by serving insurance consumers and professionals of Pennsylvania.



Consumer protection continues to be the number one priority for me, and the Wolf Administration scored three big wins for consumers that are detailed in this month's newsletter. The governor announced this month that all full-cost CHIP plans now meet federal minimum essential coverage requirements, and the families of the 3,600 children in these plans will not face tax penalties or premium increases during this policy year. The governor also announced that the federal government has given conditional approval to Pennsylvania's plan to create a supported state-based marketplace to protect more than 380,000 citizens who receive subsidies on health

care purchased through the federal marketplace. This is important as we await the United States Supreme Court's ruling on whether these subsidies are permissible. Governor Wolf also received a victory for consumers when Commonwealth Court ruled that UP-MC's intention to end its Medicare Advantage contract with Highmark violated the consumer protection provisions of the consent decrees signed by both parties last year, therefore protecting 180,000 seniors enrolled in these Medicare Advantage plans.

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## A message from the Insurance Commissioner...

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As I continue to meet with leaders of the insurance industry throughout Pennsylvania, I am impressed with the competitive market that exists here and how it serves consumers. My pledge remains to both protect consumers and cultivate the insurance industry through fair regulation that creates an even playing field for all market participants.

To that end, I am excited to announce the addition of more key senior members of my team in this newsletter. I am thrilled with the talent and expertise that joins the experienced staff in place and look forward, with all of the department, to serving the citizens of Pennsylvania.

As always, I encourage any of you to submit your feedback, questions, or concerns to me.

You can contact the department at [ra-in-PAInsights@pa.gov](mailto:ra-in-PAInsights@pa.gov).

Thank you,

Teresa Miller  
Insurance Commissioner

## Commissioner Miller Confirmed: June 3, 2015

On June 3, the Pennsylvania Senate unanimously confirmed Commissioner Miller, removing the "Acting" from her title. The approval came one day after Miller appeared before the Senate Banking and Insurance Committee for her confirmation hearing, which resulted in a recommendation for the approval of her nomination, also in unanimous fashion. Senator Don White (R-41) complimented Miller's impressive background and qualifications for the position and lauded her approach to the job so far.

Commissioner Miller told the committee that because of her background as both a federal and state regulator, she firmly believes that state regulators are better suited to understand and serve the needs of their constituents and to protect consumers. She cited the example of how she and Governor Wolf tackled an issue concerning the

families of 3600 children in the full-cost CHIP program. These families faced tax penalties for 2014 and 2015 because the federal government determined that the full-cost plans did not meet minimum essential coverage requirements set

cost CHIP plans into compliance and working with the federal government to waive tax penalties.

The ongoing UPMC-Highmark dispute in western Pennsylvania has also given Commissioner Miller and Governor Wolf the opportunity to put consumers first through strong enforcement of the consent decrees signed by both parties last year.

Concluding her testimony, the commissioner offered her vision for the Insurance Department as an embodiment of Governor Wolf's goal of a government that works. Under this vision, the department will be transparent, responsive, effective, and fair. She told committee members that she looks forward to working with them to maintain and promote an even more robust

and competitive insurance market to serve the consumers of Pennsylvania.



Commissioner Teresa Miller testifies to the Pennsylvania Senate Banking and Insurance Committee on June 2, 2015.

forth in the Affordable Care Act. Being closer to the families impacted helped her and the governor remedy the situation by bringing all full-

## Governor Wolf Submits Application, Receives Federal OK on State-Based Exchange Plan

Governor Wolf announced June 16 that the federal government had granted conditional approval of the plan submitted by the administration on June 1 to create a supported state-based marketplace in order to protect the roughly 380,000 Pennsylvanians that rely on subsidies for their health insurance.

The governor took this step in light of the approaching Supreme Court decision in *King v. Burwell* so that the commonwealth is prepared to move as quickly as possible to a state-based exchange if the court rules against subsidies for consumers that purchase health insurance in states

using the federal exchange.

Commissioner Miller and Governor Wolf both emphasized the importance of submitting a blueprint as a means of preserving the option of moving to a state-based exchange for 2016.

The federal government required that blueprints for state exchanges that would take effect in 2016 be submitted by June 1, and neither the blueprint submission nor the conditional approval by the Department of Health and Human Services commits Pennsylvania to further action.

“I am committed to protecting

hard working Pennsylvanians and making sure they don't lose the assistance they need to afford health coverage,” Governor Wolf said. “While this conditional approval by the federal government does not mean that Pennsylvania must set up a state-based marketplace, we are now in a better position to provide security to those who may lose their subsidies and possibly not be able to afford their health insurance. As always, I look forward to working with the legislature to authorize a state-based marketplace if it becomes necessary.”

For more information on this issue, visit our *King v. Burwell* FAQ page on the Insurance Department's website.

*“We are now in a better position to provide security to those who may lose their subsidies.”*

*-Governor Wolf*

## Meet Our New Staff

### Jessica Altman

Jessica Altman joins the Pennsylvania Insurance Department as Commissioner Miller's Chief of Staff. She will coordinate policy activities across the department and with other state government agencies and external groups.

Altman recently completed her master's degree in public policy from Harvard University's Kennedy School of Government. Before matriculating at Harvard, she worked for three years on federal implementation of the Affordable Care Act at the Department of Health and Human Services' Center for Consumer Information and Insurance Oversight (CCIIO).

At CCIIO, Altman held multiple roles, including coordinating all policy activities for the center. She focused on policy areas such as health insurance exchanges, consumer protections, transparency, and insurance market reforms.

### Seth Mendelsohn

Seth Mendelsohn joins the department as executive deputy commissioner after spending 10 years with American Water Works Company, Inc. as corporate counsel for Pennsylvania American Water based in Hershey, Pa. In 2013, he was named vice president of legal and corporate security with oversight over the Maryland, Virginia, and Pennsylvania subsidiaries. Mendelsohn handled the management of insurance-related matters, contractual negotiations, and business development.

Mendelsohn also served as a senior deputy attorney general from 1997 until 2004 in the Pennsylvania Office of the Attorney General, where he defended civil litigation cases. In 2001, he was appointed attorney-in-charge for the Attorney General's Consumer Protection Division's Harrisburg office.

### Ed Zych

Ed Zych joins the Pennsylvania Insurance Department as the new chief counsel. Zych comes to the department after 22 years with Geisinger Health System in Danville, Pa., where he was associate chief legal officer for 10 years.

After completing his undergraduate education at the University of Massachusetts, Zych began working at UCLA. While in California, he earned a master's degree in public administration with a concentration in health services management from the University of Southern California.

Upon returning to the East Coast, Zych pursued legal education at Rutgers University. After completing law school, Zych practiced with Post & Schell in Philadelphia for several years for the professional liability defense group.

### 2016 Affordable Care Act Rate Filings Released

At the beginning of the month, companies looking to offer individual and small group health plans in Pennsylvania under the Affordable Care Act submitted proposed rate filings that would take effect in 2016. The Insurance Department will conduct a thorough review before the open enrollment period begins, and Commissioner Miller promises that the department will focus on the impact these rates would have on consumers while also ensuring the market remains robust and competitive.

A number of insurers throughout the state submitted filings to offer individual and small group health plans available through the federal marketplace or through the private market. Proposed rate filings may be viewed on the Insurance Department's website.

Media coverage in Pennsylvania and around the country focused on filings that proposed increases

ranging from more than 10 percent to, in some cases, roughly 50 percent. While a few insurers proposed these increases, more than three times as many insurers proposed increases of less than 10 percent.

Commissioner Miller would like to stress to both consumers and insurers that companies' filings are still proposals and are not necessarily the final rates that will be available to consumers on the health insurance marketplace. The department will consider these rates with the utmost care, and approved 2016 rates will be available this fall prior to the beginning of the open enrollment period.

The rate filing and review process can be confusing for consumers to understand, so the department has prepared a document that walks through the review process. To view this document, visit the department website by clicking here.

### Medicare Advantage

Earlier this month, Commonwealth Court ruled that, by ending its Medicare Advantage contract with Highmark, UPMC violated the consent decrees it and the insurance provider signed in 2014.

As a result of the termination, about 180,000 western Pennsylvania seniors would have been forced to either find new doctors and hospitals or pay much higher out-of-network costs. The consent decrees require continued in-network access for Highmark insurance customers with UPMC providers and facilities for vulnerable populations, which includes seniors, through 2019.

The Wolf Administration argued that terminating this contract violated the consumer protection provisions of the consent decrees, and the court agreed. UPMC has appealed to the Pennsylvania Supreme Court.

## Recent Press Releases

June 16, 2015- Governor Wolf Receives Conditional Approval from Federal Government to State-Based Health Insurance Marketplace

June 11, 2015 - Governor Wolf Ensures All CHIP Plans Meet Federal Requirements, PA Families Will Not Face Tax Penalties

June 2, 2015 - Governor Wolf Submits Application to Federal Government for State-Based Marketplace to Protect Pennsylvanians

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

## CHIP Full-Cost Plans Meet Federal Compliance

Governor Tom Wolf announced on June 11 that all Children's Health Insurance Program (CHIP) full-cost health insurance plans now meet minimum essential coverage requirements of the Affordable Care Act. This guarantees that families in this program will not face tax penalties for 2015, and the governor also announced that these families will see no premium increases during the current policy year.

The governor and Commissioner Miller confronted news shortly after they took office that 3,600 families enrolled in CHIP's full-cost plan, where families pay the entire premium, would face tax penalties for 2014 and 2015 based on an assessment by the federal government that determined that these plans did not meet the minimum essential coverage requirements. Governor Wolf and Commissioner Miller acted immediately in order to secure hardship waivers so families would avoid tax penalties.

Commissioner Miller worked with CHIP insurers to bring their full-cost plans into compliance with the minimum essential coverage requirements. The Insurance Department expects all insurers to have their systems updated to implement the added benefits by July 1.

Among the additional benefits included in full-cost CHIP plans are a prohibition on annual and lifetime dollar limitations for specific services classified as essential health benefits. The expanded benefits also include coverage for durable medical equipment, hearing aids, and pediatric vision and dental services, including orthodontic services. Before these plans were brought into compliance, annual limits were placed at \$1,500 for

dental and orthodontic care, \$5,000 for durable medical equipment, and \$120 for glasses.

Many preventive care services also must be provided without cost-sharing, including co-payments, coinsurance, and deductibles. For children, plaque control programs, oral hygiene education, dietary instruction, genetic counseling, and prescribed iron supplementation are among the preventive care benefits covered under the Affordable Care Act. Prescription drug benefits also must cover over the counter drugs and vitamins, and health plans must provide parity between mental health, and substance abuse disorder and medical/surgical benefits.

The CHIP program was established in Pennsylvania in 1992 when then-Governor Robert P. Casey signed the Children's Health Insurance Act. The program created additional health insurance options for children of families who made too much to qualify for medical assistance but also could not afford

to purchase private insurance for their children. The Pennsylvania CHIP program served as inspiration for the federal program, which was signed into law in August 1997 by former President Bill Clinton. In April, President Barack Obama signed a two-year extension of the federal CHIP program.

Today, CHIP insures roughly 147,000 children across Pennsylvania's 67 counties. Families of all income levels are eligible for the CHIP program, and parents may be eligible for subsidies on their child(ren)'s premium(s) depending on their income level.

For more information on the CHIP program, visit [CHIPcoversPA-kids.com](http://CHIPcoversPA-kids.com) or call 1-800-896-KIDS.

