

Confirmation Hearing Testimony

Senate Banking and Insurance Committee

Acting Insurance Commissioner Teresa Miller

Chairman White, Chairman Smith, and members of the committee, thank you for allowing me this opportunity to meet with you today. I am honored to have been nominated as Pennsylvania insurance commissioner.

After serving in this capacity in Oregon, 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 returning to my roots as a state insurance regulator. I am a state regulator at heart, it is my passion, and it is where I believe the regulation of insurance belongs. The federal government understands this, too, or at least they understand the need to work closely with state regulators, as they hired me because of my experience as a state insurance regulator and my relationships with state insurance officials across the country.

As state legislators, you are closer to your constituents than your federal counterparts, and in many cases, better suited to understand and serve the needs of your neighbors and communities. Having been both a state and federal regulator, I can tell you unequivocally, state regulators are in a much better position to regulate the insurance industry and protect our consumers. The government closer to the people, in both of our cases, often better serves the people.

A clear example of this is the issue I confronted literally day one in this job. As soon as I took office, I learned 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.

The reason for this is while CHIP coverage provides significant benefits designed for children, as it should, the plans don't include all the benefits the federal government has determined are required of health insurance plans generally. Washington has a one-size-fits-all approach to minimum essential coverage, that doesn't account for programs such as CHIP, designed for children.

My colleagues in the Insurance Department and I spent considerable time and energy trying to convince federal officials CHIP is, in fact, good coverage for children. We should know, we invented CHIP in Pennsylvania. We also tried to explain how much families like this coverage. But, the Washington bureaucrats weren't getting the calls from families, who said they would rather pay a tax penalty than leave their CHIP plans. We were getting those calls from your constituents.

Governor Wolf made it clear, because his first priority and mine is protecting consumers, we needed to fix this problem. We did, because that's what state regulators do. So 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 happy to tell you we did this, and all CHIP at-cost plans have now been approved by the federal government, your constituents face no tax penalties, nor do they face any premium increases during this policy year. That is government that works.

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.

We are awaiting a decision from the Supreme Court this summer that could have a significant impact on our state, and the 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. I look forward to working with you, my fellow state officials, once we have a plan to present to you, so we can solve this problem together. That would be government that works.

If the Supreme Court does not eliminate subsidies for our constituents, I still hope to work with you to transition Pennsylvania to a state based exchange, because I truly believe state government is a better place to provide consumer services and protection for insurance. I believe we clearly demonstrated this in dealing with the CHIP issue.

We also have a rather large and incredibly complex issue concerning health insurance coverage in western Pennsylvania. I don't have a long history with this issue, or with UPMC and Highmark. But, I approach this issue as I do any other that comes before me. I focus on the impact these companies' actions have on health care consumers and employers in the region. Then I try to figure out how best to make sure these innocent parties don't get caught in the middle of this battle.

We have already done this successfully, making sure Highmark covered pregnant women who wanted to deliver their babies at Magee Hospital were able to do so at in-network rates. Currently, we are taking legal action to enforce a provision of the consent decrees signed by both parties, to protect 182,000 seniors from losing access to their doctors through UPMC's decision to end its Medicare Advantage contract with Highmark December 31 of this year.

That, I believe, is the role of an insurance regulator. We exist to protect those buying the essential product that insurance is, to provide the financial security and peace of mind so vital to our families. To achieve this, we must make sure policy holders are treated fairly by insurance companies. This is government that works.

Doing the public's business means conducting that business in public, in as transparent a manner as possible. That is why we recently held a public hearing on Highmark's request to transfer \$175 million to its Allegheny Health Network. Allegheny Health Network is an important provider of medical services in western Pennsylvania, so its financial viability is crucial. At the same time, Highmark's policy holders must have their interests protected. Gathering the information we will use to make this decision in public is the right thing to do, and helps the public continue to have trust in us.

My department has a role in promoting a competitive insurance market, so consumers have options and prices are stable. We achieve this goal by ensuring 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. Keeping business insurance costs lower gives our employers more money for other uses, most importantly for hiring workers for jobs that pay.

In conclusion, 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 general assembly, the individual and business consumers we protect, and the industry we regulate, as insurance companies also provide jobs that pay. We will be effective by focusing on the problems before us, and being 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, your constituents and ours, first in everything we do.

Thank you for the opportunity to be here today. I look forward to working with all of you to maintain and promote an even more robust, competitive insurance market, that will best serve the consumers in the commonwealth, and offer them the peace of mind and security they deserve as they make financial decisions for their families.