



**Testimony Submitted to the House Appropriations Committee**

**PA Insurance Department FY 15/16 Budget Hearing**

**Submitted by:**

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Chairman Adolph, Chairman Markosek, members of the committee, thank you for the opportunity to testify before you today. Working with Governor Wolf and all of you, I look forward to providing Pennsylvania citizens the consumer protection and peace of mind they need and deserve when making necessary and important decisions related to insurance for themselves and their families. In fact, this is our top priority, and one of the best examples of delivering a government that works.

A key mission of the Insurance Department is to promote a competitive marketplace for consumers. This allows Pennsylvania families to have a choice of insurance companies, agents, and products at fair and competitive prices. We are providing that competitive marketplace, with more than 1,700 insurance companies and nearly a quarter million insurance producers doing business in our state.

This large, vibrant market requires the department to be responsive to our customers, who are your constituents. We take this responsibility seriously. Our Bureau of Consumer Services last year handled more than 13,000 written complaints, and more than 54,000 phone calls, from Pennsylvania consumers. I am happy to report we were able to recover approximately \$295 million in restitution on behalf of Pennsylvanians in 2014.

Since becoming the Acting Commissioner, the Department has grappled with critical issues in an efficient and consumer-driven manner. Shortly after taking office, Governor Wolf and I were confronted with news from Washington that the families of 3,600 Pennsylvania children in the CHIP program were going to have to pay a tax penalty for 2014 and 2015 because the insurance plan they purchased did not meet the minimum essential coverage requirements of the federal Affordable Care Act. Given this potential disruption for families, Governor Wolf immediately directed me to work with the federal government to devise a solution to protect these families. We did so, and none of these families has to pay any tax penalty for either 2014 or 2015, and they are free to keep their CHIP. This is a clear example of government that works.

Moving forward, we expect to cover up to 15,000 more children through CHIP this year. And, due to rate reductions and an increased share of the cost being covered by the federal government, we are asking for \$97 million less from state taxpayers for CHIP. That is government that works.

Another issue we are tackling is the Highmark and UPMC dispute. The relationship between these two companies is in transition, and it is creating uncertainty for many families. As you know, both UPMC and Highmark signed consent decrees containing provisions to protect consumers during this transition. Governor Wolf and I are adamant that these companies keep the promises they made to their customers, and intend to strongly enforce these consumer protection provisions. We had an opportunity to show our commitment to these consumer protections in my first few weeks at the Department when we resolved a key issue with respect to maternity care for pregnant women in western Pennsylvania. Because of our intervention, Highmark agreed pregnant women can continue to see their doctor and choose where to deliver their babies. That is government that works.

While consumer protection is my number one job as Insurance Commissioner, my department also plays a role in another of Governor Wolf's top priorities: jobs that pay. We do that through maintaining a competitive marketplace for our businesses in a key cost area, workers compensation insurance. I am pleased we are able to enact a significant, 5.99 percent workers compensation insurance rate reduction effective April 1, 2015. This will save our employers statewide \$140 million this year. Rate cuts over the past four years have reduced employer costs by \$550 million, helping our businesses create jobs that pay. We have enacted these rate reductions, including this year's, without reducing benefits to injured workers.

On a personal note, I have been with the department for about two months now. I cannot tell you how incredibly impressed I have been with the professionalism, knowledge, experience and expertise of the staff at the Pennsylvania Insurance Department. When I was the insurance regulator in Oregon, I remember looking to Pennsylvania on a variety of issues. It's very clear to me now why Pennsylvania is a leader nationally when it comes to insurance regulation. I am truly honored to lead this very impressive team of professionals.

With that, I look forward to your questions and look forward to working with all of you through this budget process. More importantly, I look forward to working with all of you to maintain and improve the robust, competitive insurance marketplace in Pennsylvania. By doing so, we serve well our constituents, and provide the consumer protection needed to give our citizens peace of mind when providing for their families' financial security.