

## News for Immediate Release

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### Insurance Commissioner: Rising Costs Drive Urgent Need for National Health Care Solution

Costs Increase, Benefits Reduce for adultBasic Insurance Program

**Harrisburg** – Insurance Commissioner Joel Ario today said that in the face of sharply rising costs, federal health reform is the only viable path to providing affordable insurance options for all Pennsylvanians.

“States are facing a daunting health care challenge, as evidenced by the problems our adultBasic insurance program is facing,” Ario said. “The bottom line is that Pennsylvania cannot solve the health care crisis without federal health reform.”

The Insurance Department is making necessary changes to address the rising cost to provide adultBasic, the program created for adults who do not have health insurance. Increased usage of medical services and escalating cost of care continue to drive up the cost of running the program.

“If we didn’t adjust the adultBasic premium and benefit package, a portion of individuals enrolled in the program would have lost coverage,” said Ario. “People who come to adultBasic have been without coverage and so are generally in need of costly care. With our limited funding, we either had to increase costs or drastically cut benefits, as opposed to the modest changes we chose to make for enrollees. The cuts we’re instituting are only sufficient to allow the available funds to cover costs for the current enrollees.

Those who will feel the greatest impact are the 3,500 individuals who are purchasing adultBasic coverage while on the waiting list for enrollment. They will see their costs nearly double. The department would like to offer subsidized coverage to individuals on the waiting list, but lacks the needed funds.

Though the benefit package is the same regardless of whether an individual is enrolled in the program or purchases the coverage while on the waiting list, the monthly premium is substantially different. Enrollees pay a subsidized premium and waiting list purchasers pay the full cost.

As of March 1, 2010, the changes to the benefit package and costs are as follows:

- An increase in the monthly premium payment from \$35 to \$36 if a person is enrolled in the program, from an average \$330 to \$600 if a person purchases the coverage while on the waiting list;
- Office visits, specialists and emergency room copayments are increasing from \$5 to \$10, from \$10 to \$20 and from \$25 to \$50, respectively;
- Coinsurance will now apply to all adultBasic benefits that do not have a copay;
- Inpatient hospital services are now limited to two stays per year;
- Physical, occupational and speech therapy services will now be limited to a total of 15 treatments per year.

“Legislation to expand the adultBasic program has failed repeatedly in the General Assembly, and with the current budget crisis, the only viable option is federal health reform,” said Ario.

Under proposed federal health reform legislation, more than 85 percent of Pennsylvania's uninsured adults will be eligible for federally subsidized health insurance, through a combination of expanding the Medical Assistance program and providing targeted subsidies to the working poor.

In mid-2008, a survey of Pennsylvania residents found more than 10 percent of adults are uninsured -- about 878,000 adults age 19 to 64. More than 40 percent of the uninsured people were eligible for adultBasic. This month, the adultBasic program's waitlist jumped to 369,112 people -- more than doubling in size since January 2009.

Created in 2002, Pennsylvania's adultBasic program provides health insurance for adults who meet certain eligibility requirements and who do not have health care coverage. It is administered by the Insurance Department through contracts with insurance companies and offers basic health benefits.

For more information on adultBasic benefit changes and cost increases, visit [www.insurance.pa.gov](http://www.insurance.pa.gov)

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