

December 6, 2011

Thank you for the opportunity to speak about this rate filing.

The decision that you make on this filing will literally determine whether or not thousands of uninsured Delaware children get basic health insurance. In many cases, those children having access to health insurance will determine how they fare in school and in life. So this is not just a routine insurance rate filing. Children's futures are at stake here.

This rate filing is the result of a bill that I co-wrote and sponsored. I know that there has been some debate over what the authors of the bill intended for it to do. So as one of those authors – both of the original bill, and of the amendment – let me take this opportunity to clear up any misunderstanding. The original bill was intended to require Highmark and Blue Cross to offer a CHIP buy-in program in Delaware with exactly the same premiums that Highmark charged to Pennsylvania children. The bill passed the Senate unanimously, unamended, without any objection from Blue Cross or Highmark. When the bill came up in committee in the House of Representatives, Blue Cross complained that the legislation did not allow for the fact that Delaware's underlying medical costs might be higher than those faced by Highmark in Pennsylvania. So the bill was amended to give you, the Insurance Commissioner, the discretion to set the rates by looking both at the rates that were charged by Highmark in Pennsylvania, and Delaware medical costs.

The rates that Blue Cross is asking you to approve are completely contrary to the intent of the bill that I authored. The amendment that I wrote was intended to allow you the discretion to have Blue Cross's CHIP buy-in rates deviate from the Pennsylvania rates if Blue Cross could show that medical costs in Delaware were higher. The amendment was never intended to

allow Blue Cross to charge the neediest eligible families – those just a few dollars over the CHIP cut-off – four times what they are charged in Pennsylvania. The lower rates that are charged in Pennsylvania for those families between 200% and 300% of poverty were explicitly discussed when the legislation was discussed – there was never any doubt in the minds of my colleagues in the House which rates we were talking about when we said the rates should be comparable to Pennsylvania.

Blue Cross claims that the legislation does not require it to subsidize this children's health insurance plan, and that you therefore should not require it to do so. But that is not what Blue Cross said to your hearing officer for this transaction. On September 22<sup>nd</sup>, Blue Cross and Highmark filed a memorandum with your hearing officer where they told the hearing officer that one of the reasons this merger should be permitted was because it would permit Blue Cross to offer a subsidized CHIP buy-in program. The word "subsidized" was their word, not mine. Now that they have received a favorable recommendation from the hearing officer, they would like to take back what they said. But when they wrote to your hearing officer in September, they knew that the legislation required them to financially support this program.

Moreover, Highmark subsidizes its Pennsylvania CHIP program to the tune of almost \$10 million per year. Again, the intent of this legislation was that Delaware children would be treated the same as Pennsylvania children, if the same company was going to oversee Blue Cross in both states. Zero dollars is not the same as \$10 million.

I am not an actuary, so I am not going to try to argue with all of the numbers at issue here. However I will quote a few statistics as the director of KIDS COUNT in Delaware. Uninsured kids are ten times more likely to have unmet medical needs and much more likely to perform poor in school than children who have medical insurance. Their educational achievement suffers because they miss more days of school than insured children. In contrast, enrolling children in health coverage has been associated with greatly improved school performance. In general, uninsured children lose opportunities of normal development and we shortchange every aspect of a child's life, including their ability to grow, learn, play and succeed in life.

For me and for the children of Delaware, this is not only a moral issue but an economic issue. The children of today are going to be the leaders of tomorrow – the teachers, the workers, the business people, the people who keep our economy thriving. Do we want a group of children who grow up with no health insurance, who have trouble in school, who may drop out, who have medical needs as adults, who become a drain on our economic engine rather than the ones that support our economy here in Delaware? Do we want children who can compete for the best jobs in the world, pay taxes, and contribute to social security? The economic costs of lost productivity and potential are substantial. When we shortchange the needs of our Delaware children today, we shortchange Delaware's future. I always say, "Children are 25 percent of Delaware's population but 100 percent of Delaware's future." This is an opportunity to help Delaware's future.