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Statewide Parent Advocacy Network, Inc.

**Testimony of the
Statewide Parent Advocacy Network (SPAN)**

On

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Presented by

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Public Policy Director

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On behalf of the Statewide Parent Advocacy Network of New Jersey (SPAN), I am pleased to submit these comments regarding our support for the proposed legislation regarding the proposal by Horizon Blue Cross Blue Shield of New Jersey's application to convert from a non-profit to a for-profit health insurer and requiring that the state (a) hire an independent expert to conduct a fairness analysis of the impact of the proposed conversion on New Jerseyans' access to health coverage and quality of care, particularly for New Jersey's most underserved children, families and individuals, which is needed for the State to make a sound judgment regarding whether conversion is in the public interest as required by New Jersey law; (b) hold multiple public hearings, at least four, in different geographic areas of the state at times and locations that are reasonably convenient to the public most impacted by the proposed conversion, so that the public will have adequate opportunity for a voice in the conversion process; and (c) allow interested parties and those directly affected by the proposed conversion to apply for intervenor status so that concerns about the public health impacts and protection of nonprofit assets are appropriately raised and addressed.

SPAN is New Jersey's federally-funded Family to Family Health Information Center. We are the New Jersey Chapter of Family Voices and the Federation of Families for Children's Mental Health. In these capacities we provide information, training, technical assistance and support to families to help them access health coverage and health care for their children, particularly their children with special healthcare needs. We work with families whose children are covered by the full range of health insurance, including Medicaid, New Jersey Family Care, Horizon Family Care Advantage, and private insurance, and families whose children are not eligible for any health insurance due to immigrant status and whose care is provided through Federally Qualified Health Centers, community clinics, and/or charity care – or who have no access to care at all.

SPAN's mission is to empower families and concerned professionals to advocate for quality services, supports and outcomes for New Jersey's children. Our foremost commitment is to children with the greatest need due to disability, special health or mental health needs; poverty; discrimination based on race, sex, language, or immigrant status; geographic location; or other special circumstances. It is from these perspectives, the perspectives of the tens of thousands of families we assist each year, and our own experiences as parents of children with special needs, that we are sharing these comments.

Because of our commitment to the most underserved children and families, SPAN has serious concerns regarding the conversion plans of Horizon Blue Cross Blue Shield of New Jersey. As noted by the New Jersey Department of Banking and Insurance, "unlike the conversion plans of other Blue Cross Blue Shield entities, this plan does not include any caps on rate increases, any commitment to remain in underserved markets, or any commitment to maintain the surplus of the converted company at a certain level."¹ Our concerns are not assuaged by Horizon Blue Cross Blue Shield's response: "The imposition of the types of restrictions described above would put Horizon BCBSNJ at a competitive disadvantage to other insurers, negatively impact its business results, undermine its competitiveness and negatively impact the value of its shares of common stock held by the Foundation." In our interpretation, this means that Horizon Blue Cross Blue Shield does not propose to maintain any caps on rate increases, commit to remain in underserved markets – the very markets that most of the families we work with are in, or maintain the surplus of the converted company at a certain level. Without these commitments, SPAN finds it hard to see how conversion would be fair and equitable or promote the public interest as required by N.J.S.A. 17:48E-52.

¹ New Jersey Department of Banking and Industry Conversion Question #6.

We are deeply concerned with the possibility of increased premiums on traditionally underserved families, including New Jersey's Latino, African-American, and immigrant families, and families of children with special healthcare needs who are already most likely to be underinsured. On the most recent National Survey of Children with Special Healthcare Needs, over 40% of New Jersey families of children with special healthcare needs reported that their child's insurance was insufficient to cover their healthcare needs; 52% of Spanish-speaking parents had insufficient insurance for their child. Over ¼ of New Jersey families of children with special healthcare needs had out-of-pocket costs of over \$1,000; 55% of New Jersey families without health insurance spent over this amount.

Increasingly, the majority of calls we receive from families on our Family to Family Health Information Center toll-free warm-line involves families who have lost jobs and thus lost insurance or whose employment no longer covers health insurance for their children even if it continues to cover health insurance for the employee. Most families suffering in the economic downturn cannot afford to pay more for health insurance. We've facilitated focus groups on healthcare affordability for families of children with special healthcare needs and have been shocked at the challenges that families are already facing. We've been getting increasing numbers of calls on requests for community resources on basics like food assistance, housing, and financial aid for medical bills. How can our state move forward on consideration of a request from Horizon Blue Cross Blue Shield to convert to for-profit status without an independent expert evaluation of the potential that this conversion has on increasing premiums for children and families?

We know that families that lack insurance have poorer health outcomes. A child who is uninsured will be diagnosed with heart disease on average two years later than his insured counterpart. Adults with cancer may not be diagnosed until later stages when it is less treatable. Being uninsured leads to increased morbidity and mortality. With the surge in uninsured children and families due to job losses and employers reducing child and family coverage, how can we move forward without an independent expert evaluation of the potential that this conversion has on increasing the numbers of uninsured children and families?

SPAN was thrilled when New Jersey implemented the Family Care Advantage Plan, a particular benefit for families of children with special health care needs whose children might not be able to get coverage under private insurance companies due to pre-existing conditions, exceeding the cap for certain services, etc. even though their families have incomes above 350% of the federal Poverty Level. Horizon is currently the only HMO that offers the Family Care Advantage plan. How can we move forward without an independent expert evaluation of the potential that this conversion has on continued availability of the Family Care Advantage plan?

Horizon is also the state's largest Medicaid HMO. How can we move forward without an independent expert evaluation of the potential that this conversion has on whether or not they will continue to participate in the state plan for vulnerable populations? Indeed, Horizon recently dropped out of their contract with Children's Hospital of Philadelphia, the #1 children's hospital in the county, and the University of Pennsylvania Healthcare System. This was originally predicted to affect 25,000 NJ children, and 38,000 children and adults respectively. Although Horizon issued a press release that agreement had been reached to maintain coverage for services provided by these healthcare systems, this was only for their commercial plan, so their actions have already disrupted the care of Medicaid families, particularly those who have children with complex medical needs. This doesn't seem in keeping with assurances that the conversion will not affect vulnerable families. Indeed the concern appears to be more about being at a "competitive disadvantage to other insurers" rather than providing healthcare coverage to families.

SPAN is also committed to ensuring that families have a voice in all of the decisions that affect them and their children. We advocate across systems for multiple, convenient opportunities for families to have share their experiences and express their ideas about proposed policy changes that impact children and families. In addition to the importance of constituent participation as a key tenet of our democracy, we have found that involving constituents and the advocacy groups that represent and serve them in a proactive manner prior to the implementation of systemic change, results in smoother transition and better outcomes for the children and families who are our focus.

We have serious concerns about the fact that the state has not committed to hold multiple public hearings at various geographic locations. Families, especially families of children with special healthcare needs, should not be asked to travel long distances or take time off from work or attend a hearing at the exact time they are picking their children up from school or at the bus stop in order to participate in the public process. That is why we strongly endorse the proposed legislation that would require at least 4 public hearings at convenient times and locations.

We are also concerned with Horizon Blue Cross Blue Shield's response to the Attorney General's question regarding how and the extent to which community and public interest groups have been consulted about the proposed conversion.² The response that, since the filing of the conversion application, Senior Executives have met with a number of consumer groups including, New Jersey Appleseed, Citizen's Action, AARP, Public Health Institute, Consumers Union, Legal Services and NAACP as well as physicians and hospital representatives in order to begin educating them on the process and benefits of conversion and to receive their feedback and answer their questions, is not satisfactory. However, SPAN was not involved although we sit on the Horizon HMO advisory committee and represent the state chapter of many national organizations concerned with children's health care, including Family Voices, Parent Training and Information Center, Parent to Parent, and the Federation of Families for Children's Mental Health. The Family Voices Coordinator also serves as the NJ Caregiver Community Action Network representative for National Family Caregivers Association, representing caregivers across the lifespan, in a volunteer capacity. SPAN is also the state's Family-to-Family Health Information Center. We would also hope that other organizations such as the Community Health Project as well as Disability Rights (formerly Protection & Advocacy) would be invited to the discussion as they run the state's consumer Medicaid hotline. Further, although the AG requested copies of comments from advocacy groups, none were supplied, even from the groups they mentioned consulting. To meet with public interest groups yet not to be able to provide information regarding the comments they provided during the meeting(s) raises a serious red flag regarding the extent to which those meetings held any meaning or will result in any meaningful changes to the conversion plan to benefit New Jersey consumers.

Conclusion

Although SPAN has not yet taken a position on whether or not conversion is in the public interest of the people of New Jersey, we strongly support the proposed legislation that will ensure that there is an expert involved in the process whose sole purpose, unfettered by any other consideration, is to analyze the potential impacts – positive or negative – on access to health coverage and health care for New Jersey residents and particularly the children with special healthcare needs, low income children and families, and others who are already at risk in our current fragmented healthcare system, as well as the component of the legislation that will further protect the right to those directly impacted by the proposed conversion to have a voice in this decision that is of such importance in their lives.

² Foundation Plan Question #55