

February 2009

Dear Legislator,

As you know, the situation of the large and growing number of Oklahomans who lack health insurance is one of this state's most urgent problems. This fall, Oklahoma Policy Institute participated in the House Health Care Reform Task Force, which was charged with exploring the problem of the uninsured and developing recommendations.

HB 2026, authored by Rep. Steele, contains numerous ideas that emerged from the Task Force. The bill offers several laudable proposals, particularly the creation of a Health Care for the Uninsured Board and development of point-of-service enrollment for the uninsured. However, we are deeply concerned by a provision of the bill (Section 5) that would allow insurers to offer individuals under the age of 40 bare-boned health insurance premiums exempt from any or all state benefit mandates that must be covered under existing law.

The problem with this approach to covering the uninsured is two-fold. First, the "standard health benefit plan" would leave many young Oklahomans underinsured and at risk of being unable to obtain adequate coverage if they are subsequently diagnosed with a medical condition. The bill appears to acknowledge explicitly that those opting for the standard health benefit plan would be subject to pre-existing condition exclusions if their health status changes (Section 5.C.2). These exclusions could potentially apply to such benefits as diabetes treatment and supplies, mammography screenings, reconstructive breast surgery and maternity stays.

An even greater flaw with the proposal to target a bare-boned product to the young is that it undermines the central premise of health insurance risk pools, that of spreading risk across a broad and diverse population. If mandate-free plans succeed in siphoning off the young and healthy, the inevitable impact will be to *make insurance even more expensive* for those who are left behind in the general coverage pool. That will include not only older adults, but also younger people most in need of comprehensive coverage: persons with chronic health conditions, such as diabetes, those with mental health problems, and women of child-bearing age, who would be denied assurances of annual OB/GYN exams and post-partum maternity care if they opted for the standard plan. Ironically, expanding coverage for those least likely to need it could end up threatening coverage for the most vulnerable.

Oklahoma's current health coverage mandates are for the most part limited and sensible, and contribute only a modest component to the overall cost of health insurance coverage. Exempting insurance coverage from all state mandated benefits for young adults is unlikely to address the problem of the uninsured in Oklahoman but might instead weaken the adequacy of care and increase insurance costs for those in need of comprehensive coverage. We hope that as HB 2026 goes through the legislative process, you will give this issue serious attention and reject the lifting of benefit protections.

Yours Sincerely,

Matt Guillory  
Executive Director

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Director of Policy