

April 26, 2011

The Honorable John J. Cullerton
Illinois State Senate
327 Capitol Building
Springfield, IL 62706

Dear Senator Cullerton,

We, the undersigned consumer, public interest and patient rights advocates, write to encourage a strong health insurance exchange that will provide a more competitive health insurance marketplace for small businesses and individuals.

We ask the Senate take the leadership to debate and pass legislation in time for the House to approve it by May 31. At a minimum, the bill should create a clear exchange governance structure, strong conflict of interest provisions and no pre-emptive policy decisions that weaken bargaining power. These minimum provisions are outlined in more detail below.

To ensure Illinois does not lose out on federal funding to help set up the exchange, these policy issues must be addressed immediately. Veto session or the 2012 session will be too late. Illinois must pass legislation that will enable it to immediately begin accessing over \$200 million in federal funding—with no match requirement—that is set aside for Illinois to establish an exchange.

The Health Benefits Exchange Act (SB 1729 – Koehler), is the result of more than six months of stakeholder meetings, citizen input, public meetings and expert testimony and meets these minimum expectations. HB 1577 (Mautino/Haine), a competing proposal, does not include a governance plan while making unnecessary, pre-emptive policy decisions that will weaken the power of small businesses to negotiate for lower prices.

A strong health insurance exchange will protect Illinois families and small businesses: In the face of a highly concentrated health insurance market, Illinois families and businesses are increasingly paying more for less. Skyrocketing premium costs for health care provide particular challenges to Illinois small businesses and entrepreneurs who are self-employed because they lack the resources and buying power of large businesses.

A well-designed health insurance exchange implemented by Illinois lawmakers can address these challenges.

There are three critically important minimum standards for initial enabling legislation. Other policy decisions can be made later. These include:

- 1. Governance structure:** A key part of Illinois health insurance exchange enactment legislation must include establishing a governance structure.

The Illinois Department of Insurance (DOI) received a \$1 million planning grant from the federal government and convened five working groups composed of the following

stakeholder groups: patient and family advocates, providers, small businesses, insurance producers (insurance brokers), and the insurance industry.

These workgroups met separately for several months to offer and discuss their recommendations for governance. DOI used these recommendations to draft legislative language, found in SB1729, HA2, which was presented and reviewed over the course of several meetings. While this diverse group of stakeholders did not agree on all matters, the governance structure presented in SB1729 met most of the conditions set forth by each stakeholder group and can be seen as a major policy item to which there was significant agreement.

- 2. Strong conflict-of-interest provisions:** In order to best serve individuals and small businesses, the major beneficiaries of the health insurance exchange, strong conflict-of-interest language must be incorporated into the process by which governing board members are appointed.

The governing body of the exchange should include consumer representatives as official members. The governing body should not include members who may have conflicts of interest due to affiliations with health care industries or if their appointment results in financial benefits as a result of their decisions.

- 3. No pre-emptive decisions on who can use or participate:** Illinois has received significant federal funds to analyze Illinois' private health insurance market. This data will help inform specific details on how Illinois' health insurance exchange can be best structured to help individuals and small businesses.

While this data is being collected and analyzed, it is unnecessary and unwise to make pre-emptive decisions about who can participate in the health insurance exchange OR who can have access to the health insurance exchange, e.g. defining the size of a business that can access the exchange.

By adopting these principles for an Illinois exchange, we can make sure Illinois' consumers get the affordable premiums and quality care they deserve. We look forward to working with you to help achieve that goal.

Sincerely,

(Listed in alphabetical order by organization)

Nancy Nelson, Advocacy Manager
AARP Illinois

Jonathan Lavin, President and CEO
AgeOptions

David Ernesto Munar, President/CEO
AIDS Foundation of Chicago

Ann Hilton Fisher, Executive Director
AIDS Legal Council of Chicago

Cherryl Ramirez, Director
Association of Community Mental Health
Authorities of Illinois (ACMHAI)

Jim Duffett, Executive Director
Campaign for Better Health Care

Lynda DeLaforge, Co-Director
Citizen Action/Illinois

Emilie Junge, Regional Coordinator
Doctors Council SEIU

Barbara Otto, Executive Director
Health and Disability Advocates

Margie Schaps, Executive Director
Health and Medicine Policy Research Group

Salim Al Nurridin, Chief Executive Officer
Healthcare Consortium of Illinois

Doug Schenkelberg
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Gordana Krkic, CAE
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Sara Moscato Howe, MS, CHES
Chief Executive Officer
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Association

Scott G. Allen, MS, Executive Director
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Janine Lewis, Executive Director
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Pam Robbins, BSN, President
Illinois Nurses Association

Sandy Levi, PT President
Illinois Physical Therapy Association

Brian Imus, Director
Illinois PIRG

Marlene Reid, DPM, President
Illinois Podiatric Medical Association

Ollie Idowu
Director of State Governmental Affairs
Illinois Primary Health Care Association

James R. Nelson, Executive Director
Illinois Public Health Association

Julie Adkins, APN, President
Illinois Society for Advanced Practice Nursing

Nancy Marcus, President
League of Women Voters – Illinois

Pamela Sutherland, Vice-President of Public
Policy, Planned Parenthood of Illinois

Rev. Alexander Sharp, Executive Director
Protestants for the Common Good

Keith Kelleher, President
SEIU Healthcare Illinois Indiana

Tom Balanoff, President
SEIU Illinois State Council

Christine Boardman, President
SEIU Local 73

John Bouman, President, Sargent Shriver
National Center on Poverty Law

Dory Rand, President
Woodstock Institute

Cc: Governor Pat Quinn, Speaker Michael J. Madigan, Illinois Department of Insurance Director Michael T. McRaith, Illinois Department of Healthcare and Family Services Director Julie Hamos, State Senator William R. Haine, State Senator David Koehler, State Representative Frank J. Mautino