



April 27, 2021

Sen. Mark Abraham
Louisiana State Senate
Room B-254
State Capitol
900 North Third Street
Baton Rouge, LA 70804

RE: Opposition to S.B. 102

Dear Senator Abraham,

On behalf of the Self-Insurance Institute of America, Inc. (SIIA) and the American Council of Life Insurers (ACLI), representing self-insured plans, employers, TPA's, stop-loss carriers and brokers across Louisiana, we write to you today to express strong opposition to S.B. 102. This bill would cause harm to small businesses in Louisiana that rely on self-insurance to provide employer health benefits.

Louisiana small businesses purchase stop-loss insurance to provide protection against catastrophic or large, unpredictable losses. Without stop-loss, these same businesses would be unable to absorb high-cost, unexpected claims, from renal dialysis and cancer, to the ever-increasing costs of prescription drugs. If passed, S.B.102 would lead most, if not all, stop-loss carriers doing business in Louisiana to leave the market. Doing so would leave a large gap for the thousands of Louisiana businesses that offer high quality self-insured plans to their employees and dependents who are dependent on stop-loss to mitigate against high-cost and unexpected claims.

Across Louisiana, stop-loss policies allow private sector businesses, school districts, universities, churches and non-profits, and municipalities access to high-quality, affordable health benefit options through a self-insured health plan. In return, self-insured plans offer needed flexibility and customization to ensure that employees and their families have the right healthcare for their needs. Nationwide, 67% of covered workers receive benefits through a self-insured health plan, including the 81% of all cities, states and municipalities. According to the U.S. Department of Labor, nearly 58% of those covered by insurance in the State of Louisiana are covered under a self-insured health plan. These self-insured plans simply utilize available tools to drive down drug pricing for their employees, making it uncertain how placing inflexible caps on renewals within the Louisiana statute would provide a solution.

The rate increase cap under this legislation, in addition to the guaranteed renewability requirement, would force carriers into precarious, if not impossible, positions. In renewing policies, stop-loss carriers look at past claims experience and group size, among other underwriting factors. There are many reasons a group could get a higher increase beyond claims experience. For example, a small group may experience significant turnover in its workforce. Likewise, a provider system may lower its reimbursement levels or drop out of a network altogether. Other times there are changes in coverage options, including specialty care management (such as the recent increase in Hepatitis C drugs), or high-cost specialty drugs in general, that lead to higher costs and premiums beyond the control of a self-insured plan, as they do generally across the health benefit space. Under the proposed

law, a carrier risks having groups that are so substantially underpriced that they will be unable to correct due to the cap, especially in light of the fact that many medical and pharmacy costs continue to escalate every year. The risk is high enough that carriers would need to consider whether or not to continue to offer coverage at all.

Thus, S.B. 102 would likely have the opposite effect as intended, thereby increasing the cost of health coverage, while leaving fewer self-insured options for Louisiana small business. From SIIA's perspective, this legislation will largely eliminate self-insured small groups in a market that is already competitive, and in which additional barriers to a free market are certainly not needed.

While supporting health cost and price transparency, SIIA and ACLI oppose S.B. 102 on behalf of our members and self-insured employers across Louisiana. We look forward to having a productive dialogue as to specific concerns and solutions to assure that an already competitive state market remains viable and helpful to the small employers of the state.

Sincerely,



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Self-Insurance Institute of America, Inc.
(SIIA)



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Vice President, Supplemental Products and Group Insurance
American Council of Life Insurers (ACLI)