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Opening Statement

Rep. Elijah E. Cummings, Ranking Member

Committee on Oversight and Government Reform

Subcommittee on Health Care, District of Columbia, Census and the National Archives

Hearing entitled, "Obamacare: Why the Need for Waivers?"

March 15, 2011

Next week is the one year anniversary of the Patient Protection and Affordable Care Act. This landmark healthcare reform bill prevents insurance companies from denying children health insurance because of preexisting conditions, prevents insurance companies from dropping beneficiaries simply because they get sick, provides small businesses tax credits to extend coverage to their employees, and provides seniors with a 50% discount on brand-name drugs through Medicare Part D.

Another significant improvement this law made was to direct the phase out of so-called "mini-med" insurance plans that place restrictive limits on coverage. These plans provide meager benefits and often leave patients high and dry when they become ill or are in accidents.

For example, a *Wall Street Journal* article in September 2010 featured a prominent fast-food chain that offers its hourly employees a limited benefit plan that caps annual benefits at only \$2,000. This plan covers almost nothing when someone needs serious medical care. A single trip to the hospital could cost tens of thousands of dollars and leave beneficiaries without coverage or with extensive out-of-pocket costs.

In July 2009, the *New York Times* featured a story about a man whose limited benefit health plan capped hospital services at \$10,000. When he had to have a heart procedure, his insurance plan covered only a fraction of his \$200,000 hospital bill. As a result, he and his wife were forced into bankruptcy, despite the fact that he was supposedly insured.

Former health care executive Wendell Potter referred to these plans as essentially "fake insurance." The reality is that people with mini-med plans often do not realize how terrible their health insurance is until they get sick or hurt and really need it.

The Affordable Care Act directed the phase-out of these deficient plans. But it also gave the Secretary of HHS authority to create a waiver process. This is a temporary fix to help employers that offer mini-med plans whose premiums would increase in the short term with an

abrupt transition to high or no annual limit plans. In 2014, waivers will not be necessary because consumers will have access to comprehensive coverage through state health care exchanges that reduce premiums by increasing competition and spreading risk.

There have been allegations on the Republican side that the HHS waiver process has been neither transparent nor fair. But the facts do not bear this out. According to agency data, HHS has approved waiver applications for 1,040 plans and rejected only 65. The overall approval rate is 94%. Allegations that unions have received preferential treatment also appear unsubstantiated. According to the same data, HHS approved 85.5% of waiver applications from union plans or plans serving union members and 97.4% of non-union waiver applications.

Unfortunately, today's hearing seems to be little more than a "do-over" of a hearing held last month by the Energy and Commerce Committee—the same allegations, the same documents, even the same HHS witness. At that hearing, Ranking Member Henry Waxman issued a memorandum analyzing 50,000 pages of documents provided by HHS that found no merit to these allegations. I would like to make that memo part of our official hearing record.

The memo also pointed out that various industry applicants were in fact very happy with the waiver process, thanking HHS repeatedly for their prompt and courteous attention.

Mr. Chairman, our Committee can play a positive role in making sure the Affordable Care Act is implemented effectively. Rather than using the one year anniversary to criticize a process that has been incredibly flexible and favorable to industry, let's work together to make sure that real health insurance coverage is extended to 32 million Americans who do not have it today.