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FOR IMMEDIATE RELEASE

Corbett Transition Plan Would End adultBasic, Increase Premiums for Working Poor

HARRISBURG, PA (January 11, 2011) — A proposal favored by the incoming Corbett administration would end the popular health insurance program known as adultBasic and, with it, affordable health coverage for nearly 42,000 Pennsylvanians.

Under a plan recently discussed by the transition team of Governor-elect Tom Corbett, adultBasic would end, and “Special Care,” an existing program operated by the state’s four Blue Cross plans, would be offered as an option to those who lose their insurance.

Special Care is a health insurance product created by the Blues in 1992 as a low-cost, limited benefit health plan. Premiums are as much as 400% higher than adultBasic premiums — going from \$36 a month under adultBasic to about \$140 a month under Special Care.

“The Special Care program offers completely inadequate health insurance,” said Laval Miller-Wilson, Executive Director of the Pennsylvania Health Law Project and a member of the Pennsylvania Health Access Network (PHAN). “It is a known product that has been rejected by consumers, especially those with chronic health conditions. Hundreds of thousands of people are on the adultBasic waiting list because they’re dissatisfied with Special Care.

“Special Care covers only catastrophic care in the hospital and limited coverage for outpatient care,” Miller-Wilson added. “It is useless for anyone with a chronic condition and may be worse than no insurance because it gives a false sense of security.”

Special Care’s benefits are more limited than adultBasic, including an allowance of only four doctor visits per year (compared to no limits under adultBasic), coverage up to \$1,000 of diagnostic services (compared to no limits under adultBasic), and no coverage for certain medical supplies.

“Special Care is very costly and has limited benefits,” said John Dodds, Director of the Philadelphia Unemployment Project and a member of PHAN. “It is, in a nutshell, what is wrong with health insurance. It is not a real option for adultBasic enrollees.”

AdultBasic, funded by an assessment on the state's four Blue Cross plans and a share of the state's tobacco settlement funds, will run out of funding February 28. The outgoing Rendell and incoming Corbett administrations have engaged in discussions to preserve health insurance for working Pennsylvanians enrolled in adultBasic.

An agreement with the Blues that provided critical funding to adultBasic expired in December. While the Blues agreed to continue funding adultBasic through the end of the fiscal year in June, their actual contributions have fallen short.

The nonprofit Blues agreed to make contributions to adultBasic beginning in 2005 after public outcry over their growing surpluses. Between 2002 and 2009, the Blues' collective surpluses grew from \$3.5 billion to \$5.6 billion — two-and-a-half times faster than Pennsylvania wage growth during that time. Their surpluses grew even as they contributed to adultBasic.

“Rather than ending adultBasic, Gov.-elect Corbett should hold the Blues to their promise to fund the program at current enrollment levels through June and discuss a plan for longer-term funding,” said Sharon Ward, Director of the Pennsylvania Budget and Policy Center and a member of PHAN. “The Blues could fully fund adultBasic, without any state funds, with less than 3% of their combined surpluses.”

AdultBasic currently enrolls nearly 42,000 people earning up to 200% of the poverty level. A family of four with a household income of \$44,100 can qualify for adultBasic, which covers hospital visits, preventive care, physician services and treatment of illnesses and injuries. In the wake of the recession, the adultBasic waiting list has exploded by more than 400% — to nearly 479,000 in December.

The Pennsylvania Health Access Network (PHAN) is a coalition of 50 groups from across the Commonwealth working to improve access to quality health care through the expansion of health insurance coverage. To learn more, go to www.pahealthaccess.org.

The Pennsylvania Budget and Policy Center (PBPC) is a non-partisan policy research project that provides independent, credible analysis on state tax, budget, and related policy matters, with attention to the impact of current or proposed policies on working families. To learn more, go to www.pennbpc.org.