

Submitted



Testimony of the New York Health Plan Association

to the

**Senate Finance Committee
and the Assembly Ways & Means Committee**

**on the subject of
2012-2013 Executive Budget Proposal**

February 8, 2012

INTRODUCTION

The New York Health Plan Association (HPA), comprised of 28 health plans that provide comprehensive health care services to nearly seven million New Yorkers, appreciates the opportunity to present its members' views on the Governor's budget proposals. Our member health plans have long partnered with the state in achieving its health care goals, including improved access to quality care in its government programs as well as providing access to care that exceeds national quality benchmarks for commercial enrollees. Our plans include those that offer a full range of health insurance and managed care products (HMO, PPO, POS, etc.), pre-paid health services plans (PHSPs) and managed long term care plans (MLTC). The New Yorkers who rely on these plans are enrolled through employers, as individuals, or through government sponsored programs — Medicaid Managed Care, Child Health Plus, Family Health Plus and Healthy New York. Accordingly, we appreciate the opportunity to offer our views on the proposed 2012-2013 Executive Budget in relation to its application for health care spending in New York.

HEALTH CARE TAXES

One of the things we are most pleased about with the Governor's budget proposal is something that was *not* included — new or increased health care taxes. For the first time in many years, there is no call for increasing the various Health Care Reform Act surcharges and assessments and other assorted taxes levied on health insurers, which already amount to more than four billion dollars annually and which contribute to New York's health care costs being higher than national health average. We ask that the legislature observe the "no new taxes" call.

HEALTH INSURANCE EXCHANGE FOR NEW YORK

HPA and its member plans have been on record supporting the goals of a health insurance exchange as required by the federal Affordable Care Act, and we believe it is preferable that an

exchange aimed at providing access to health insurance for New Yorkers be a New York exchange versus one developed under a federal model. To that end, HPA supported the Exchange legislation negotiated last year by the Governor and legislature, and recommend you adopt legislation — as part of the budget or independently — to establish a New York State Health Insurance Exchange. Although supporting the exchange, we do have several concerns about the exchange language included in the health care budget.

While we appreciate the tight timeframe for New York to create an exchange and understand the need to keep the process moving forward, we still believe it is important to have legislative input into various aspects of the development of this new entity. A number of studies envisioned in last year's legislation to establish the exchange are either underway or completed — apparently without legislative or stakeholder participation. More concerning are changes to the language related to these various studies. There is language that allows the exchange to use studies previously completed in lieu of studies required by the legislation, provided such studies are "sufficiently reliable." Additionally, the language speaks only to presenting the "recommendations" of the studies versus providing details of the studies' findings.

As a result of these subtle language changes, it appears that important exchange policy decisions are already being shaped. For example, at a recent meeting of stakeholders convened by the Executive's office, the Urban Institute presented the results of its simulation modeling estimates of the impact of reform in New York. While presenting several alternate exchange scenarios, the "standard implementation option" started with a baseline assumption that the individual and small group markets would be merged and the definition of small group size increased from the current "up to 50 employees" to "up to 100 employees."

We are also skeptical of conclusions offered by the administration on the impact the exchange would have on health insurance costs. In particular, there is the predictions that the exchange will lower small business premiums by more than 20 percent and premiums for individuals by a whopping 70 percent.

MANDATES

HPA is also concerned about the governor's proposal to shift coverage of early intervention (EI) services from the counties to private insurance. This comes on the heels of the adoption last year of four new group health plan coverage mandates, the most significant being the coverage mandate for autism spectrum disorder.

There are no budget savings this year associated with the EI proposal. However, there would be premium costs. Moreover, the impact on premiums would be compounded by costs associated with the expanded autism coverage mandated last year — coverage that was intended to supplement EI services being provided by the counties.

This is a one-two punch to small business premiums. The first is the cost of the new coverage requirements for autism services, and the second is requiring insurance coverage of EI services that will have to be built into the next round of premiums. This will result in higher costs for small businesses who are now struggling to provide health insurance to their employees. For some, the added costs of these additional services will make coverage unaffordable.

CONCLUSION

As New York moves forward implementing the federal health care reform law, it is vital that we safeguard the viability of the current health care marketplace. This includes holding the line on health care taxes, assessments and surcharges that so negatively impact affordability of coverage as well as guarding against adding new benefit mandates that add costs. At the same time, lawmakers must help provide New York the tools it needs — such as a well-designed health insurance exchange — that will allow us to expand coverage to even more New Yorkers.

Health plans have been a partner in the state's efforts to increase access to affordable health insurance for New Yorkers. HPA and its member plans remain committed to working with you and your colleagues on solutions that remain focused on that goal. We thank you for the opportunity to share our views today.