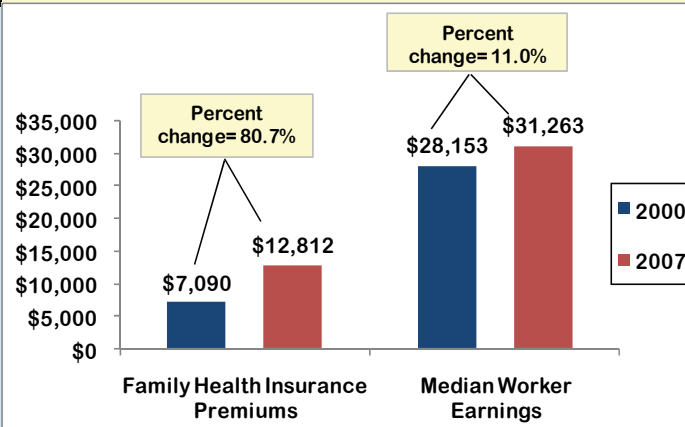


New York State Insurance Reform

2009-2010 HCFANY Legislative Agenda

A recent study found that from 2000-2007 health insurance premiums for family coverage in NY rose 7.3 times faster than median worker earnings. Quality, comprehensive health care is no longer affordable for New York's families. Immediate action to control insurance costs must be taken.

Growth in Premiums in New York for Family Health Insurance Coverage vs. Growth in Earnings, 2000-2007



Families USA, "Premiums vs. Paychecks: A Growing Burden for New York's Families." October 2008.

only covered young people who from affluent families who already had coverage. The current law allows parents to keep their kids on their policies until the age of 23. Amend this law to keep them on until the age of 28. Also, the State should utilize the Family Health Plus Buy-In program to offer comprehensive coverage to young adults.



Even young New Yorkers need affordable health care they can rely upon.

✓ Raise medical loss ratios ("care share") to 90% for individuals and small group.

Require insurers to devote at least 90% of premiums to health care, *not* big salaries, administration, or advertising. The bill should specify the Department's authority to define what can be claimed as medical costs. The bill should dictate how, and when, pooling of policy forms should occur.

group coverage. The direct pay market's stop-loss pool has been frozen for years at roughly \$40 million. Meanwhile, HealthyNY has enjoyed full funding (roughly \$170 million) for its stop-loss pool, though it rarely uses it all. Stop-loss funding for the direct pay market and HealthyNY should be shared equally and any unspent funds in one should be used for the other.

✓ Restore "prior approval" to the State Department of Insurance.

Restore the authority of the State Department of Insurance to pre-approve rate increases for small group and individual health insurance and to hold rate hearings when rates are proposed to increase over 5%. Currently, the Department may only look at the rate increases a year after they take effect so that the only consequence for excessive rate charges is repayment in later years.

✓ Merge the direct pay and small group markets.

This is estimated to reduce premiums for individuals by more than 35%, and raise the small group premiums by as little as 3%. More funding for a joint stop-loss pool should be allocated to avoid price increases for small businesses.

✓ Pool and split the stop-loss funding for the direct pay and HealthyNY stop-loss pools.

Restore viability of the direct pay market for people who do not have

✓ Design a young adult product that has adequate benefits.

Last year the State legislature passed a young adult product that would have falsely assured enrollees that they had adequate coverage, when in fact it failed to even include pharmacy and other basic benefits. In addition, it

✓ Expand and update the Managed Care Bill of Rights.

Expand the managed care external review law to more categories of dispute, to liberalize standards for rare illness in regards to experimental therapy, to reduce providers' ability to "balance bill" (issue "surprise bills") patients for out-of-network care, and to require certain under-regulated health insurance products to conform to the State's Managed Care Patients' Bill of Rights.

✓ Establish health insurance advocate.

Establish a health insurance advocate to provide information, advice, and advocacy on all types of health insurance to New Yorkers. Similar to Vermont's Office of Health Care Ombudsman, this will act as an advocate for consumer interests in regulatory matters like rate examination.