



American Cancer Society ☿ Children's Defense Fund – New York ☿ Center for Working Families  
Community Service Society of New York ☿ Metro New York Health Care for All Campaign  
New Yorkers for Accessible Health Coverage ☿ New York Immigration Coalition  
Public Policy and Education Fund of New York/Citizen Action of New York

July 1, 2008

Governor David A. Paterson  
State Capitol  
Albany, New York 12224

Dear Governor Paterson:

On behalf of the Health Care for All New York Campaign (“HCFANY”), we write to respectfully ask you to veto A 395-A (Morelle)/S-6385-A(Alesi), which passed both the Assembly and Senate in the final days of the legislative session and would eliminate the "crowd-out" provisions in the Healthy New York program. HCFANY is a statewide campaign of more than 50 organizations which seek to win affordable, comprehensive, high-quality health care for all New York state residents by 2010. New Yorkers across the state are asking for health care reform and look to you and your colleagues for leadership on this matter which is so vital to millions of New York families. To harness their concern and bring about action, consumer groups across the state and our allies are joining forces in the new Health Care for All New York (HCFANY) campaign, an effort initiated by funding from the Robert Wood Johnson Foundation, one of our nation's premier health philanthropies.

A veto of A395/S6385 is urged for the reasons described below.

1. The bill vitiates the purpose of Healthy New York, which is to incentivize the purchase of insurance by small business and uninsured individuals. Healthy New York was designed as a program to induce employers who have not previously provided health coverage to do so. It is a limited-benefit policy, under the theory that currently uninsured people are better off with access to some primary care and limited benefits than having no coverage at all. In contrast, coverage typically provided by New York employers today complies with the mandates of state insurance law and is generally more comprehensive than Healthy New York. Opening the program to employers who now provide such coverage puts the quality of many employees' coverage at risk of falling into the proverbial “race to the bottom” of stripped-down benefit packages. The state should not encourage reduction in benefits that insured people need. Moving people from comprehensive insurance to underinsurance is not good public policy.

Health Care for All New York Campaign, c/o Elisabeth Benjamin, Community Service Society of  
New York, 105 E. 22<sup>nd</sup> St., New York, New York 10010; 212-614-5461

2. The bill has been passed without regard to the budgetary implications. Healthy New York relies in part on a reinsurance system paid for by Health Care Reform Act funds in which the State reimburses participating insurance carriers for a portion of the claims made in the program. During the budget negotiations earlier this year, advocates who objected to the disproportionate increases in funding for Healthy New York (in contrast to the freezing of funding for the direct pay market and the comparatively smaller increases in the Family Health Plus program) were told that the Healthy New York funds were in fact limited to allowing for projected increases in the program under the current program structure, and that no additional programmatic changes were contemplated. Opening the program without additional funding would inevitably lead to diverting the program dollars from the currently uninsured to a population who already have employer provided coverage. This would violate the commitment the State made to its uninsured in creating Healthy New York to begin with.

3. If additional health insurance funding were to be available or found, we believe that such funding should be equitably distributed to support comprehensive coverage which assists those who become sick -- the true purpose of insurance. For example, the State could fund the direct pay reinsurance program or seek a federal waiver to eliminate the crowd out provisions in the Family Health Plus and Child Health Plus programs. Healthy New York, which leaves anyone with a serious health condition exposed to unaffordable medical costs, should not be the model on which we build our insurance system. Rather than act piecemeal through particular political pressure groups in addressing the health insurance system, the state should carefully consider, through the Partnership for Coverage process or otherwise, the sorts of coverage that should receive public support.

We would be happy to speak further with you regarding why this bill should be vetoed. We strongly urge that the veto issue immediately upon presentation of the bill.

Should you have any questions, please contact Elisabeth R. Benjamin from the Community Service Society of New York at: 212-614-5461. Thank you for your consideration.

Sincerely yours,

**Elisabeth Benjamin**

Director, Health Care Restructuring Initiatives  
Community Service Society of New York

**Peter Slocum**

Vice President of Advocacy  
American Cancer Society

**Richard Kirsch**

Co Executive Director  
Citizen Action of New York &  
The Public Policy and Education Fund of NY

**Susan Dooha**

Chair  
New Yorkers for Accessible Health Coverage

**Adam Guvitch**

Director, Health Care Programs  
New York Immigration Coalition

**Kinda Serafi**

Senior Policy Associate  
Children's Defense Fund – New York

**Mark Hannay**

Director

Metro New York Health Care for All Campaign

**Lisa Donner**

Co Director

Center for Working Families

cc: Assistant Secretary for Intergovernmental Affairs Robert Jaffe  
Superintendent of Insurance Eric Dinallo  
Deputy Superintendent of Insurance Troy Oechsner  
Secretary of Health and Human Services Dennis Whelan  
Deputy Secretary of Health and Human Services Joseph Baker  
Deputy Commissioner for Health Insurance Deborah Bachrach