

The Employer Alliance

for Affordable Health Care



Alliance Alert

Fall/Winter
2016

Double Digit Increases - Again

Many New Yorkers will see double-digit premium increases next year.

The Department of Financial Services approved 2017 health insurance rate increases averaging eight percent for small group plans and almost 17 percent for individual plans, effective January 1.

Who will the 2017 premium hikes effect? The small group plans enroll more than 1 million New Yorkers whose employers have 100 or fewer staff. The individual plans have about 350,000 people enrolled, but their coverage extends to their dependents as well.

The Kaiser Family Foundation, a non-profit health policy organization, reports that higher increases are part of a national trend attributed, in part, to rising health care costs and other federal changes. Here in New York, a portion of the higher pricing can be linked to the State Legislature's continued passage of health insurance mandates.

The list of mandates approved in the 2016 session included an anti-step therapy measure that, if signed into law, would allow physicians to circumvent one of the only cost-saving measures available to health insurance companies; adoption of expanded treatment and services for opioid and heroin addiction as well as broader coverage of

screening and diagnostic services for breast cancer with reduced or no co-insurance or co-payments. Lawmakers moved ahead with these measures, knowing passage would lead to higher premiums.

DFS Superintendent Maria Vullo called New York's increases "comparable or lower" than the rates requested or approved in other states. However, Employer Alliance member Dale Gregory of Rochester said the impact of this trend is devastating.

"A number of companies have either gone out of business or refrained from serving the exchange market – losing billions of dollars along the way. ... I see that New York taxes and assessments aggregate to 5.4 percent of the total plan premium. Is there no end to the fiscal drain courtesy of the state of New York?"

Industry officials said that losses experienced by the plans in the past two years also come into play, results of which are being seen nationally as plans leave the marketplace. In addressing marketplace challenges, federal reform failed to resolve the underlying issue of cost.

Chairman's Corner

By Larry Teal



New York has emerged as second-costliest for employer-sponsored health insurance. Premiums rose at more than three times the national rate in 2015, according to data released by the Agency for Healthcare

Research and Quality. The average single-coverage premium in New York in 2015 was \$6,801, second only to Alaska at \$7,807. The U.S. average was \$5,963. As small business owners, it's time to put a stop to this madness by lobbying against unnecessary, costly regulations.

The Empire Center for Public Policy claims that New York's prior approval process exacerbates the problem. "The ineffectiveness of prior approval suggests that what's driving the state's unusually high premiums is not health plans' pricing decisions in a competitive marketplace, but the costs they face," said Director of Health Policy Bill Hammond. "These include New York's steepest-in-the-nation taxes on health insurance and Albany-imposed coverage mandates that add an estimated 12 percent to the typical premium."

Fewer small businesses offering health insurance

The number of small businesses offering health insurance to their employees is on the decline since 2009, according to a report released this summer by the Employee Benefit Research Institute.

The Affordable Care Act was designed to encourage more small employers to offer health insurance. Many business owners, including the former chairman of the Employer Alliance, turned toward other options.

"We didn't even offer health insurance this year," said Jeff Leland. "Most of our employees were better off if we didn't offer it than if we did."

According to the EBRI report, between 2008 and 2015, the proportion of employers offering health benefits fell for all three categories of small employers: for those with fewer than 10 employees, the percentage of employers offering coverage dropped 36 percent; it fell by 26 percent for those with 10 to 24 workers; and by 10 percent for those with 25 to 99 workers.

Some of the possible reasons for the decline include actual and expected health care cost increases and an increased availability of insurance through the Affordable Care Act's health insurance marketplace, the report stated.

Larger employers are still offering health benefits at basically the same rate as before the ACA. More than 95 percent of those with 100 or more employees offered health coverage before the enactment of the law and continue to do so, EBRI said.

Advocates Needed for 2017 Session

Could you spare five minutes to send an email? What about 10 minutes to make a telephone call? Or 60 to meet with your Senator or Assembly member in person?

*Your participation makes a difference. Visit our website to learn more:
www.employeralliance.com.*



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End of Session Wrap-Up

2016 leaves a mixed bag

The 2015-16 session was a time of intense challenge for health insurance consumers between Health Insurance Guaranty Fund proposal early in the year and a barrage of mandate bills passed in the Legislature's final days.

Reacting to last year's collapse of the Health Republic CO-OP, lawmakers proposed a new tax on health insurers with that money to pay hospitals and doctors when health plans fail. Our members rallied against this fee and successfully defeated the proposal.

Still, the end of session crunch took its toll. Before leaving Albany, lawmakers approved two measures that will ultimately increase the cost of health insurance. One bill relates to breast cancer screening and diagnostic services, and eliminates consumer cost-sharing. The second one expands coverage for opioid and heroin addiction treatment and services. Governor Cuomo has signed both these measures into law. Once again premium payers will now be left to pick up another financial burden.

As Yogi Berra said, "It ain't over 'til it's over." The Employer Alliance weighed in over the summer and will fight to ensure that the voice of small business is heard – urging the Governor's veto of mandate bills and reminding lawmakers how urgently we need to reduce health insurance costs.

All it takes is \$1

Nothing worth having is free. That includes advocacy. The Employer Alliance for Affordable Health Care is the only single-issue, grassroots coalition in New York State to focus exclusively on health insurance mandates.

Every mandate we stop saves your business money. Our group boasts more than 3,000 members representing more than 150,000 employees. We need your financial support. If each member donated only \$1 per employee, we could easily defray operating costs.

What's the return on your investment? Up-to-date information, tools to participate and free member profiles shared statewide.

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