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**Small Business Coalition Calls on Lawmakers to  
Reject Health Insurance Mandates**

*With double-digit cost increases and slow economic growth,  
multiple mandate proposals are poorly timed.*

**ALBANY** – Saying that more mandates will hurt small businesses and jeopardize their ability to provide affordable health coverage to their workers, a group of small business owners and representatives delivered a message to State lawmakers in Albany this morning: No more mandates! Reject all mandates currently being considered!

The small business coalition included members and representatives from Support Services Alliance (SSA), Employer Alliance for Affordable Health Care, NFIB/NY as well as other small business owners from throughout New York.

Lawmakers have introduced dozens of mandate proposals this legislative session. The proposals being given the most serious consideration, however, are mental health “parity” legislation, a cost-shift of the State’s Early Intervention program to insureds, and a proposed expansion of the Chiropractic mandate. These proposals are the result of special interests and provider wish lists; these proposals would require insurers and health plans to cover additional benefits whether their customers want them or are able to afford them.

Whether it be rising real property taxes, workers’ compensation costs or health insurance premiums, the cost of operating a small business in New York is at its breaking point. In the case of health insurance premiums, mandates from the State Legislature add substantially to the cost of coverage. Moreover, unlike many larger employers who can avoid the burden of costly state mandates by self-insuring, small businesses do not have this option.

“Others have come before us in this fight against mandates with messages like, ‘Enough is enough’ and ‘Just say no’ to more mandates,” said Jeff Leland, President of Leland Paper located in Glens Falls. “To theirs, we add our voice and say, ‘No more mandates.’ If lawmakers want to help small business, our workers, and New York’s economic recovery, then they’ll reject these mandates.”

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“I recognize the importance of providing health coverage to my workers. It’s the right thing to do. It’s what I want to do,” said John Sagendorf, General Manager of Howe Caverns located in Howes Cave. “But more mandates mean higher costs. Higher costs mean reducing other benefits, shifting more of the burden to my workers or dropping coverage altogether. It doesn’t make sense. As it is, one in six New Yorkers is uninsured.”

### **Insurance Premiums and the Impact of Mandates**

Health plan premiums are primarily determined by the costs of health care services and the frequency with which those services are used by the insured. When additional benefits are mandated by government, this adds to a health plan’s costs that, in turn, are reflected in customers’ future premiums.

A May 2003 study estimated that the mandated benefits currently in force in New York increase health insurance premiums by a net amount of 12.2 percent, or an increase in individual coverage of \$444.57 a year and \$1,066.37 a year in family coverage. In 1999, a national study of mandates found that 20-25 percent of uninsured Americans lack coverage because of benefit mandates.

“The *‘It’s All Good’* mandate mentality that advocates and provider groups subscribe to is a recipe for disaster,” said Mark Alesse, state director of NFIB/NY. “This mindset is great when you’re talking about pizza toppings. But, when you’re talking about ways to keep health coverage affordable and accessible, more mandates are not good. More mandates drive up our costs, make us less competitive, and deny our ability to provide our workers coverage.”

### **Mandates Under Consideration**

#### Mental Health Parity

The mental health/substance abuse “parity” mandate (A8301/S5329) would require insurance policies to provide identical coverage for mental health and substance abuse treatment as is currently provided for the treatment of physical conditions. According to insurance industry projections, premiums would increase by at least 3.5 percent.

Proponents of this bill contend that 32 states have enacted some form of mandated mental health coverage. Yet due to the significant cost impact of this legislation, 29 of them place limits on the coverage including cost sharing provisions and cost caps. More significantly, most of these state laws (17) exempt small businesses from the mandate.

“This small business exemption acknowledges the costly impact of this mandate,” said Rob Robinson, President and CEO of the Otsego County Chamber. “Exempting all businesses with fewer than 75 employees is critical; these are the most vulnerable of all businesses in the state.”

### Early Intervention

Within the Governor's Budget is a provision that would essentially shift millions in State and county EI program costs to insurers and ultimately to businesses that purchase coverage. The Governor's proposal strips away from current law important safeguards in the insurance system that provide for the evaluation of the quality, appropriateness, and efficiency of the use of health care services and dollars.

### Chiropractic Coverage

Proposed expansions to the Chiropractic Coverage Mandate would require insurers to cover the first 15 chiropractic visits without the insurer's prior approval. This would create a provider benefit not afforded to any other provider. In 2000, the State Insurance Department analyzed the impact of the original mandate and determined that premiums increased by approximately 2 percent. This proposal would only add to the cost.

### **Business Surveys ID Cost of Coverage as Key Concern**

As the primary provider of health coverage for the majority of New York's privately insured, the business community has repeatedly identified the cost of health coverage as a primary concern of doing business in New York. In a 2003 survey, health care costs were identified as the No. 1 concern among SSA members. Similarly, for the past six years, NFIB/NY members have listed the cost of health coverage as the most serious problem facing New York's small businesses.

These findings support a January 2002 Federal Reserve Bank of New York survey that identified the increased cost of health coverage as the foremost concern of small businesses in upstate New York and a significant obstacle to business and job growth.

"Small businesses are already struggling to afford the current set of insurance mandates," said Steve Cole, President of SSA. "With double-digit health care costs and New York's slow-growth economy, timing could not be worse for new mandates."

With nearly 15,000 members and offices in Oneida and Schoharie, SSA provides a wide variety of services to small businesses of 50 employees or fewer. The Employer Alliance is a coalition of more than 1,600 employers, individuals and local governments across the state committed to preserving quality, affordable health care by opposing health insurance mandates. NFIB/NY advocates on behalf of its 20,000-member small and independent businesses.