



The Employer Alliance for Affordable Health Care

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MEMORANDUM IN OPPOSITION

Bill: A.2912 (Tonko)/S.6735 (Duane) – An act to amend the insurance law, to prohibit the exclusion or limitation of benefits for mental illness and chemical dependency in certain health plans.

It is difficult to comprehend the grounds by which A.2912 – an unlimited mental health mandate – should be considered at this time. Health insurance is increasingly unaffordable in our state. Instead of considering ways to make health insurance more accessible to New York's nearly three million uninsured and the thousands more that are teetering on losing coverage, small employers (2,500 of who are members of the Employer Alliance) - are met with an unaffordable mandate.

We are particularly perplexed as to why the Assembly would turn their back on small employers and not pass this bill with a commensurate tax credit for small businesses as they did in 2004.

Whether you support or oppose this legislation there is one point on which all sides agree - **A. 2912 will increase health insurance premiums.**

Recent studies on health insurance and mandates in New York and concerns about passing an unlimited bill specifically, further illustrates why this legislation must be opposed.

Health Insurance in New York

- Average employer costs for work-based health insurance in New York are second highest in the country at \$6,671 per year. (*Just The Facts: Key Economic and Social Indicators for New York State 2004*)
- Increasing health care costs - not business taxes - are the #1 concern of small businesses in New York. (*Surveys by NFIB, SSA*)
- Despite unprecedented enrollment in state subsidized programs such as Child Health Plus, Family Health Plus and Healthy New York, our state still has nearly 3 million citizens with no insurance coverage. (*NYS Division of the Budget/US Census Bureau*)
- Statewide, employer-based health insurance coverage continues to sag. For the first time in decades, New York City's employer-based health insurance coverage dipped below 50%. (*United Hospital Fund*)
- New York is one of the most heavily mandated states in the country. Our mandates cost insurance payers more than 12% of premium (*NovaRest Consultants/2003*)

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Specific to Unlimited Mental Health/Substance Abuse Mandate

In 2005, the Maryland Health Care Commission issued its “Annual Mandated Health Insurance Services Evaluation.” This annual report assesses the financial, social, and medical impact of existing and proposed health insurance mandates (New York has no equivalent commission). In that report was a startling statistic. **The most costly mandate in Maryland was for the coverage of mental health and substance abuse treatment.** (*Maryland’s Annual Mandated Health Insurance Services Evaluation*). It is worth noting that Maryland has the second highest number of mandated benefits in the country. Amazingly, A.2912 is broader –more costly proposal than any mental health parity law in the country.

The *Employer Alliance* seeks legislation that provides “parity” between small businesses and large self-insured companies. Today, more than 50% of New Yorkers with insurance are in large companies that provide self-insured health coverage. Companies that self-insure are not required to cover state health insurance mandates. Small businesses need that same flexibility indeed – parity – with self-insured companies so they to can determine their benefit package according to their employees’ needs and the company’s bottom line.

A.2912 is simply the wrong bill at the wrong time. We urge your vote in opposition to this unaffordable mandate.

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