

New York State's Crisis – Affordable Health Care

The Employer Alliance for Affordable Health Care

MEMORANDUM IN OPPOSITION

Bills: A.8301 – 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.

This overbroad mental health mandate (A.8301) will further erode private health insurance in New York and exacerbate the number of New Yorkers who have no health insurance coverage. The *Employer Alliance for Affordable Health Care*, a statewide 1,200-member coalition of employers opposes this and all health insurance mandates that contribute to New York's already high cost of health care for the following reasons.

I. NEW YORK'S HEALTH INSURANCE PREMIUMS, ALREADY AMONGST THE HIGHEST IN THE COUNTRY, WILL RISE DUE TO THE NEW BUDGET WHICH INCLUDES AN ADDITIONAL \$130 MILLION IN NEW TAXES, FEES AND ASSESSMENTS HEAPED ON TO PREMIUMS TO HELP CLOSE THE STATE'S BUDGET DEFICIT:

2003-04 Budget Impact on Premium Payers:

Increase inpatient services surcharge (HCRA)	\$80 million
Increase "covered lives" assessment (HCRA)	\$35 million
Imposition of the 1.75% premium tax	\$ 9 million
Increase §332 assessments	\$ 8 million

2003-04 budget impact on premium payers: **\$132 million**

II. NEW YORK CURRENTLY MANDATES COMPASSIONATE COVERAGE FOR OUTPATIENT ALCOHOL/SUBSTANCE ABUSE TREATMENTS AND REQUIRES THE AVAILABILITY OF MENTAL HEALTH BENEFITS.

Current statute mandates 60-days outpatient visits annually for alcohol/substance abuse treatments. All premium payers have access to additional coverages for mental health services – and most companies (more than 90%) – particularly large firms offer mental health and substance abuse coverage in their most used medical plans. However, there is one reason why many employers chose to *limit* mental health coverage - *costs*.

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III. PREMIUMS WILL INCREASE AGAIN BECAUSE OF THE MENTAL HEALTH MANDATE.

*A study commissioned by the advocates of this legislation concludes this mental health mandate will cost premium payers an additional **\$209 million** annually.*

\$1.26/insured person per month x 12 months = \$15.12/insured person

13.83 million insured New Yorkers X \$15.12 = **\$209 million annually!!**

If the mental health mandate passes, New York premium payers will be asked to pay at least an additional \$340 million in health insurance costs this year (\$132 + \$209 = \$341million).

Other actuarial studies suggest the costs could be higher:

Study	% Increase	Alcohol/Sub
<i>PriceWaterhouseCoopers ('96)</i>	8%	Not included
<i>Milliman & Robertson ('97)</i>	5-10%	Included
<i>Mathematica ('98)</i>	3.6%	Included
<i>State of Maine ('99)</i>	1.2%-3.6%	Included
<i>State of Wisconsin ('00)</i>	.6%-1.2%	Not included
<i>State of Virginia ('01)</i>	5.65% (Family)	Included
<i>CBO ('01)</i>	.9% (Excludes business w/less than 50 employees)	Not included

Supporters of the mental health mandate question the fairness of not having commensurate benefits in the area of mental health. The *Employer Alliance* too has numerous questions about the fairness of mandating health insurance coverages:

- ❖ **We question the fairness** of providing some individuals with additional health insurance benefits while more than 3 million New Yorkers (65% of them work full-time) have no health insurance at all.
\$209 million could buy health insurance for more than 29,000 New York families that presently have no coverage.
- ❖ **We question the fairness** of a health insurance mandate that will cost New York employers \$209 million annually in new health care costs – after many have experienced double-digit increases in health insurance premiums in 2004 and each of the last three years.
New York's premiums are more than 20% higher than the national average. Since 1999, premiums have increased by more than 40%.
- ❖ **We question the fairness** of legislating health insurance mandates when (unlike more than 20 other states) no formal studies are undertaken to assist lawmakers in determining the cost and efficacy of the mandate prior to passage.
Our neighboring states of Vermont, Massachusetts, Pennsylvania and New Jersey all have mandate reviews that allow lawmakers to have all the information they need prior to considering mandates. New York needs a similar law.

It is simply unconscionable to saddle employers with additional premium costs while health insurance premiums continue to climb well above the rate of inflation. Until these issues of fairness are addressed, we cannot support A.8301 or any other health insurance mandate.

Employers, struggling to provide health insurance need your help.
Vote **NO** on A. 8301.

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