



**New York State Senate Insurance Committee
Public Hearing on Issues Relating to the Cost of Health Insurance**

Submitted on Behalf of Scott Miller, Chairman
The Employer Alliance for Affordable Health Care
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Senator Seward and esteemed members of the Insurance Committee, thank you for providing this forum to discuss the various forces that are driving up the cost of health insurance. My name is Scott Miller and I am the owner and president of Miller Printing & Litho in Amsterdam. I also chair The Employer Alliance for Affordable Health Care. Our organization is the largest, single-issue business grassroots coalition in New York State. The Alliance has more than 1,200 members, primarily sole proprietors and small businesses owners like me who represent more than 100,000 employees. We believe that everyone is entitled to basic, affordable health insurance and oppose legislation that requires carriers to provide specific treatments or services.

New York State lawmakers consider more than 100 health insurance mandate bills in each legislative session. For example – A.1479/S.4003 that covers costs related to hearing aids – can be expected to increase health insurance premiums by one percent. A.376, which provides scalp prosthesis, would increase premiums by one-tenth of a percent. At first glance it would seem that the impact of a single mandate is minimal, however, the combined cost of all mandated benefits is significant and will impact the ability of employers to access health insurance. Studies show that for every one percent increase in the cost of health insurance premiums, another 30,000 people lose their coverage. With close to three million New Yorkers lacking any kind of health insurance even though 63 percent work full-time, even one more person without health insurance is one too many.

Who are the people in this growing segment of uninsured? Kevin Walker is one of our members who owns a successful antique restoration business in Hudson. Kevin is an experienced businessperson and skilled artisan who operated his own business for the last 17 years. After five years of double-digit premium increases, Kevin made a drastic decision. He and his wife cancelled their health insurance last year, opting instead to take their chances even though they know that health care problems become more prevalent with age. Why did he make this decision? Kevin says that it's simply a matter of survival. The antique market could not support an increase in his hourly rate to offset the increase in his health insurance premiums.

Bruce Arnold is a father and sole proprietor who cancelled his insurance in 2002 when the premiums exceeded \$500 a month. Arnold owns Adirondack Piano Service in Lake Clear and his wife works for a small business that cannot afford to provide health insurance to its employees. Because their 16-year-old son suffers from asthma and requires regular medication, they were able to secure for him state-subsidized insurance. Ironically, that policy is more affordable partly because it does not include many of the mandated treatments or services required in every fully insured policy. Bruce and Gail remain uninsured because neither is presently eligible for a subsidized plan.

Further complicating matters is the loophole in Federal law that exempts self-insured businesses from having to cover state health insurance mandates. Today, it is estimated that nearly half the New Yorkers with health insurance are in self-insured plans.

For Employer Alliance members, it is a gross injustice that companies with sufficient capital to underwrite their own policies are not required to provide state mandated services to their employees. Meanwhile small business owners (with less financial capability) who offer employees health care coverage because we believe it is a good investment in terms of quality of life and employee retention face inequitable pressure. I know in my firm, that if employees had to participate in the paying for their insurance premiums, as many as half of them of them would chose to drop coverage altogether; this is not good for them, their families or New York.

How much do mandates actually cost? An actuary report commissioned by our organization to evaluate the financial implications of existing and proposed health insurance mandates, found the financial impact of the 33 currently being considered would increase premiums roughly 15 percent. While there is not time to present this report in its entirety, I will be happy to make a complete copy available for your review shortly.

Mandates not only impact the cost of health insurance premiums, but also raise the question of efficacy. Science is dynamic, but mandates are static. In 1996 New York State responded to a backlash against managed care by passing a law that required 48-hour hospital stays in maternity cases involving an uncomplicated birth. The measure received overwhelming support despite little evidence to show that the practice of 24 or 36-hour discharges were widespread or studies to back claims that hospitals stays shorter than 48 hours were harmful to the health of newborns. The New England Journal of Medicine released a study in December that found no evidence that shorter stays harmed the overall health of babies. In fact, the authors concluded that mandated 48-hour maternity stays might have actually undermined health outcomes because “newborns were less likely to be examined as recommended on day three or four.” This law is one example of a mandate that is out of step with current science, but it is by no means unique. The prostate screening mandate (2000) and infertility drug mandate (2002) are also examples of mandates that were passed with dubious efficacy.

Unlike more than 20 other states, New York lacks a system that would allow lawmakers to study existing or proposed mandates for cost and efficacy prior to consideration. We congratulate this committee for passing S.1447. This proposal is a good first step in providing lawmakers with the background information they need to make an informed decision. We urge the Assembly to follow the lead of the Senate and pass this legislation.

It is time for our leaders to take extraordinary measures. People like Kevin Walker, Bruce Arnold and Scott Miller have limited options. We can keep paying higher insurance premiums, increase our employee contributions, raise our prices, or cancel our health insurance. Health care costs are high enough without precious dollars being spent on mandated services and providers that are not proven effective. We call upon the Legislature to take a leadership role in making the purchase of health care in New York State more rational and affordable. Thank you for your time.