

# New York State's Crisis – Affordable Health Care

The Employer Alliance for Affordable Health Care

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## **MEMORANDUM IN OPPOSITION**

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**Bills:** A.2108-A/S.1408-A - **BUDGET BILL** - Enacts into law major components of legislation which are necessary to implement the health, mental hygiene budget for the 2003-2004 state fiscal year

**RE:** **Early Intervention Service (Part N)**

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Tucked into the governor's executive budget is a proposed mandate that would require premium payers to cover all Early Intervention (EI) services including non-health related services. The Employer Alliance for Affordable Health Care, a coalition of more than 1,200 New York employers committed to keeping health care in New York affordable, opposes this effort to shift state and county financial responsibility to premium payers.

This proposed mandate requires the first \$5,000 (annually) of EI services to be covered under health insurance products. While the Employer Alliance supports health plan reimbursement for appropriate health related services pursuant to contract, this proposal takes the unprecedented step of requiring health insurance to cover non-health related services such as educational screenings and assessments, learning development therapies, counseling, assistive technologies, even transportation. To make matters worse, the legislation would not permit employers to utilize common health insurance cost sharing measures (i.e. coinsurance and deductibles) to help defray the high cost of these services.

Additionally, this proposal is inequitable because only a small portion of employers are required to subsidize the EI program. That is because nearly half the insured population in our state is covered by self-insured products that under federal law are not required to include state mandated services in their benefit package. As a result, under this proposal, mostly smaller companies would underwrite the EI program, while individuals covered by the state's largest employers would continue to access these services through the largess of New York State and county they which they reside. A mandate of this magnitude (it is estimated, once fully implemented, this shift will "save" the state and county governments \$110 million annually) is likely to exacerbate the movement away from New York's regulated insurance market toward self-insured products. This dichotomy suggests the necessity for an EI funding mechanism that is spread across a larger base, commensurate with the broad population it seeks to serve – not solely on fully insured health insurance purchasers.

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Unfortunately, unlike 22 other states, New York does not formally evaluate health insurance mandates prior to legislative consideration. However, one state that does (Virginia.), has looked at the cost of mandated EI services in that state. In a report titled "The Financial Impact of Mandated Health Insurance Benefits and Providers" (2003), the State Corporation Commission evaluated a very similar (albeit more limited) mandate and concluded that EI services in Virginia cost as much as .7% of premium. The Alliance believes these numbers would be even higher in New York, where reimbursement rates and utilization are typically higher, and where the scope of the mandate benefit is broader.

The cost of health insurance continues to be a primary concern for all employers. The impact of increasing health care costs in New York is evident in the increasing number of uninsured. Interestingly, according to the United Hospital Fund, of the more than 3 million New Yorkers with no insurance, 63% work full-time. This suggests that health insurance affordability is at the root of New York's stubbornly high rate of uninsured. New York is facing a crisis that demands legislative initiatives to enhance access to insurance, not more mandates that further increase costs and reduce coverage options for employers and employees alike.

The Employer Alliance appreciates that both the counties and the state are under tremendous fiscal pressures. The rising cost associated with the Early Intervention program is just one of several areas where costs seem to be rising beyond expectations. However, merely off-loading non-health care related services to a limited and shrinking base of premium payers is not the answer. It will simply drive the cost of health care higher, increase the number of uninsured, weaken community rating by driving employers to self-insure and undermine economic recovery.

For all these reasons, the Employer Alliance urges you to vote NO on S.2108-A/S.1408-A.