

THE EMPLOYER ALLIANCE

for Affordable Health Care

MEMORANDUM IN SUPPORT

Bill: S.1447 – An Act to amend the insurance law and the legislative law in relation to creating the New York Health Benefit and Cost Commission.

The **Employer Alliance for Affordable Health Care** is a grassroots coalition of 2,000 employers and individuals committed to keeping health care in New York affordable. S.1447 seeks to establish a more rational approach to legislating health insurance mandates by creating the New York Health Benefit and Cost Commission that in part would provide the Legislature with cost/efficacy studies for health insurance mandate proposals prior to legislative consideration. **We enthusiastically support its passage.**

Health care coverage continues to be a critical concern for businesses statewide, especially for small business owners. In an October 2003 editorial, the *Wall Street Journal* noted that health insurance “mandates hurt those who can least afford it. Large employers that “self-insure” are exempt from state mandates under the 1974 Employee Retirement and Income Security Act (ERISA). Instead, the burden falls on small business and the self-employed.” How severely? The Employer Alliance released a landmark study last year, which concluded that mandated benefits in New York cost every policyholder 12.2% of premium – or more than \$1,000 for a family policy. With health care costs rising well above the rate of inflation the past four years, its no wonder that maintaining health insurance coverage has become the leading concern for businesses in New York.

The need for this legislation is critical. Every mandate comes with costs. Some employers are fortunate and can absorb these costs – but others are forced to either pass these costs onto employees in the form of lower wages or higher health insurance contributions. Unfortunately, still others are faced with prospect of dropping health insurance altogether. For the more than three million New Yorkers with no health care coverage – the prospect of being able to find affordable coverage is growing more remote. **We believe that the first step to keeping coverage affordable is to pass mandate relief legislation.** This will ensure that any mandate passed in this state will not undermine efforts being made to expand insurance coverage opportunities.

Health insurance mandate commissions as envisioned under this legislation are not a new concept. Nearly 25 states including our immediate neighbors Pennsylvania,

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New Jersey, Vermont and most recently Massachusetts require a cost/efficacy analysis for health insurance mandate bills. The goal of S.1447 is to ensure that lawmakers have the information they need to ascertain the value of each mandate proposal and determine the appropriateness of legislating such coverage. For businesses struggling to maintain coverage, this proposal is long overdue.

Never has the need for this legislation been more critical. Vote **YES** on S.1447.

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