STATE OF NEW YORK
NOTICE OF JOINT PUBLIC HEARING

SENATE STANDING COMMITTEE ON HEALTH
SENATE STANDING COMMITTEE ON INSURANCE

ORAL TESTIMONY BY INVITATION ONLY
(Written Testimony is Welcomed)

SUBJECT: Expanding Health Insurance Coverage in New York.

PURPOSE: The purpose of the public hearing is to explore ways in which New York can expand health insurance coverage for uninsured and underinsured New Yorkers by examining proposals that other states have implemented as well as seeking out new strategies to make health insurance more affordable and accessible for their residents.

Tuesday, June 6, 2006
10:00 am - 2:00 pm
Hearing Room A
Legislative Office Building
Albany, New York

For the first time in many years, New York’s uninsured rate of 14.7% is now below the national average, due largely to the expansion of its publicly-sponsored health insurance programs, Medicaid, Child Health Plus, Family Health Plus, and Healthy New York. Over 800,000 or 15% of adults in New York, however, are eligible for Medicaid and Family Health Plus but are uninsured.

The remaining percentage of the uninsured are mainly comprised of lower and middle-income working individuals, who have incomes that are too high to qualify for the public programs but cannot afford to purchase health insurance in the individual market. Many of these uninsured individuals work for businesses that simply cannot afford to offer health insurance to their employees.

Individuals and employers alike are struggling with the skyrocketing cost of health insurance in New York. Health insurance premiums rose nearly 13 percent last year - the fifth straight year of double-digit increases. Small business owners are struggling with rising health care costs, and are particularly burdened by the expense of providing health insurance to their employees. They are often forced to either shift more of the cost to employees, or to terminate benefits altogether. To alleviate this burden, it is clear that New York must seek out new strategies to make health insurance more affordable and accessible.

In recent months, Massachusetts, Maryland, Illinois and Florida have enacted health care reform proposals to expand health care coverage for the uninsured and underinsured. These initiatives range from the implementation of federal 1115 Medicaid waivers, to expanding coverage for children, to employer and individual mandates to purchase health insurance coverage. All are programs worthy of further examination as New York seeks to expand upon its already enriched insurance coverage programs.

Massachusetts and Maryland have enacted “pay or play” or “fair share” legislation mandating employers to provide health insurance to their workers. Massachusetts’ proposal mandates individual responsibility and requires all residents to purchase health insurance by July 1, 2007. Employers with 11 or more
workers can either provide health coverage or pay an annual fee of $295 per worker. For low-income residents with annual household income up to 300% of the federal poverty level or $60,000 for a family of four, Massachusetts will provide them with a subsidy, to assist in purchasing health insurance.

Still unresolved in Massachusetts are the issues of the individual mandate and the cost of implementing the program. The success of the individual mandate hinges upon the affordability of the plans, the subsidies available to those that must purchase plans and the contributions from state government and employers that fund the subsidies. Also, it is estimated implementation of the program will cost Massachusetts $1.2 billion over the next 3 years to cover 550,000 uninsured. When fully implemented, using the same ratio, the cost per person in New York would be $2,182.82, and the total cost to New York would be - $6.5 billion to cover its nearly 3 million uninsured.

In January 2006, Maryland became the first state to pass legislation that would hold large, profitable corporations responsible for offering affordable health care coverage to their employees. Maryland’s Fair Share Health Fund Act or the “Wal-Mart bill” seeks to tax only companies of 10,000 or more employees in Maryland, which did not provide at least 8 percent of total wages in the state in health insurance benefits to employees. In this case, because of the size requirements, Wal-Mart was the only company that qualified. Revenue generated from the assessment will be allocated to the State’s Medicaid program.

Maryland’s Fair Share Health Fund Act is currently under challenge in Federal Court. The Retail Industry Leaders Association (RILA), has filed a lawsuit claiming that the law preempts the Employee Retirement Income Security Act (ERISA) of 1974 and cites it as “an unlawful intrusion on the comprehensive federal framework for the administration and regulation of employee benefits plans...” RILA has also filed a similar lawsuit against companies in Suffolk County, New York.

Illinois’ All Kids initiative has expanded health insurance coverage for its uninsured children by allowing families with annual household income below 200% of the federal poverty level or $40,000 for a family of four to purchase insurance for their children on a sliding scale, based on their income. And Florida’s medicaid reform proposal seeks to foster competition among private insurance carriers and provider networks that would save the state money while at the same time not compromise the quality and scope of services that Medicaid beneficiaries receive.

The purpose of this hearing is to examine what other states have done and to develop new strategies to increase access and affordability of health insurance coverage for New Yorkers.
SELECTED ISSUES TO WHICH WITNESSES MAY DIRECT THEIR TESTIMONY:

1. Explore who is without health insurance coverage in New York and how lack of health insurance affects their access to health care services.
2. Investigate reasons why employer-sponsored insurance is not sufficient in providing health insurance coverage and the role of public-sponsored health insurance in increasing access to health care.
3. Analyze the concept of employer and individual mandates to provide/buy health insurance.
4. Define “affordable” health insurance coverage.
5. Discuss health maintenance organizations’ ability to maintain flexibility in benefit and pricing design for products via a high deductible plan or a health savings account. Also, analyze how HMOs provide comprehensive care through these plans.
6. Evaluate New York’s current legislative proposals that would create an employer mandate on businesses in New York, whereby employers would be required to provide health insurance to their employees or pay an assessment and look into primary factors that influence whether or not businesses offer health insurance coverage to their employees.
7. Consider reforms to current insurance law and regulation that could be adopted to reduce the skyrocketing cost of health insurance premiums and promote greater access to coverage.
8. Explore new measures that New York could implement that would make it easier for businesses owners to offer health insurance to their employees.

Oral testimony will be by invitation only. Ten copies of any prepared testimony should be submitted at the hearing registration desk. Any individual wishing to submit written testimony may mail copies to each of the following Committee Chairman:

Senator Kemp Hannon, Chairman
NYS Senate Committee on Health
501 Capitol
Albany, New York 12247
Attention: Jane Preston

Senator James Seward, Chairman
NYS Senate Committee on Insurance
917 Legislative Office Building
Albany, New York 12247
Attention: Alison Cooper