



MEMORANDUM IN OPPOSITION

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Re: A.2550 (Pretlow)– AN ACT to amend the public health law, in relation to prohibiting approved organizations in the child health insurance plan from limiting the participation of certain health care providers.

This legislation, A.2550, proposes to prohibit health insurers who administer the Child Health Plus program from requiring providers to participate in their provider networks. The New York Health Plan Association (HPA) strongly opposes this legislation as it undermines value of plan networks.

Integrated health care networks are the foundation of health care plans. Providing coverage through a network increases quality, enhances medical competency and encourages greater coordination and collaboration by providers. Networks also promote cost efficiencies, which help make health care more affordable and accessible. Building a quality network requires considerable skill and a menu of incentives that encourage the best providers to join a network.

Health plan networks are organized to provide members with a broad list of physicians from which they can seek care, at a predetermined rate billed directly to and paid by the health plan. Providers join networks because they provide a practice or facility with a new pool of potential patients and the direct financial relationship with the plan ensures providers benefit from a complete and timely payment of claims, improved cash flow and certainty in budgeting.

This legislation interferes with health plans' ability to enhance their networks by creating an incentive for providers to remain out-of-network. Health plans are held accountable for the quality of care provided to Child Health Plus members, as measured and reported in the Department of Health's annual Managed Care Plan Performance Reports, and this legislation undercuts plans' quality improvement efforts because plans cannot hold out-of-network providers to the same standards as in-network providers for care delivered and outcomes measurements. Moreover, this bill is contrary to the Medicaid Redesign Team's efforts and enacted 2011-12 state budget, which added populations to in-network Medicaid Managed Care plans to increase quality, accountability and affordability. This legislation will result in increased costs to the Child Health Plus program, for which no appropriation was made for as part of the 2011-12 state budget.

For all these reasons and more, HPA opposes S.2590/A.6574.

The New York Health Plan Association represents 25 managed care health plans that provide comprehensive health care services to nearly 7 million New Yorkers.