



FOR IMMEDIATE RELEASE: JUNE 21, 2007

Re: A.4859 (Morelle)/S.5878 (Maltese)

An act to amend insurance law in relation to establishing the Healthy New York/labor-management benefit fund demonstration program.

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MEMO IN OPPOSITION

This legislation, A.4859/S.5878, would grant qualifying union health benefit funds the ability to act as insurers and access stop-loss funds from the Healthy New York program. This proposal represents a significant departure in both the administration of health insurance in New York and a substantial diversion of public subsidies without necessarily increasing health insurance coverage for New Yorkers. The New York Health Plan Association (HPA) is concerned about this legislation for the following reasons:

- Establishing this niche program outside the context of the anticipated integrated universal health care proposal will severely handicap future efforts for comprehensive reform of our health care system.
- Because this demonstration program is designed to underwrite health insurance for individuals already with coverage, this program does not meet Healthy New York's original goal of expanding coverage for small business employers and their employees, sole proprietors and working individuals unable to obtain employer sponsored coverage.
- This demonstration ultimately usurps \$25 million annually from the Healthy New York stop-loss pools to the detriment of those uninsured eligibles who will be locked out of the program due to the depleted funds.
- Allowing welfare funds to assume risk as an insurer is a hazardous venture as these entities lack sufficient capital and could potentially jeopardize the solvency of the Healthy New York stop-loss fund and disrupt coverage for those currently covered by the program. Furthermore, to protect "consumers," welfare funds that assume risk should be required to follow the same rules and regulations as all other risk bearing entities.

A.4859/S.5878 represents a piecemeal and ultimately counterproductive approach that fails to address the broader problem of nearly 3 million uninsured individuals. We urge the legislature to reject this "crazy-quilt" approach to providing coverage that distorts the original intent of Healthy New York without any measurable increase in the number of insured New Yorkers.

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The New York Health Plan Association represents 30 managed care health plans that provide comprehensive health care services to nearly than 6 million New Yorkers.