



# MEMORANDUM IN OPPOSITION

**FOR IMMEDIATE RELEASE: JUNE 3, 2011**

Re: S.2714 (Seward)/A.4093 (Morelle) – AN ACT to amend the insurance law, in relation to payments to prehospital emergency medical services providers.

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This legislation, S.2714/A.4093, would require health plans to directly reimburse ambulance service providers regardless of whether they are in-network or out-of-network providers. The New York Health Plan Association (HPA) opposes this legislation as it undermines value of plan networks and would result in higher prices for ambulance services, resulting in increased health insurance costs for consumers and employers.

Integrated health care networks are the foundation of health care plans. State law requires the Department of Health to review and approve the provider network adequacy of 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 providers to join a network.

Health plan networks are organized to provide members with a broad list of providers 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 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 would damage health plans' networks by creating an incentive for providers to remain out-of-network. Because there would be no incentive to join plan networks, the bill would require plans to pay ambulance providers more, which ultimately would mean higher costs to consumers. This result is counterintuitive at a time when the state is focused on reducing the cost of health insurance.

This legislation would have the unintended consequence of causing some employers to discontinue coverage options that include an out-of-network benefit or, even worse, discontinuing coverage all together. For these reasons, HPA opposes S.2714/A.1540.

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