

New York State Insurance Department
Partnership for Coverage, Suite 1700
One Commerce Plaza
Albany, New York, 12257

New York State Department of Health
Partnership for Coverage
Empire State Plaza, Corning Tower, Room 2001,
Albany, New York, 12237.

RE: Modeling of Options for Expansion of Health Insurance Coverage for New Yorkers

Dear Dr. Daines and Superintendent Dinallo:

We appreciate the opportunity to respond to the universal health care models that are being submitted to the Urban Institute for evaluation.

These studies are being done pursuant to appropriations and budget language from the 2007-08 state budget. As such, the central questions to be addressed are the ones detailed by the legislature in the budget language authorizing the studies. The modeling instructions fail to do this. Additional issues of concern to the Universal Health Care Task Force members established by the Governor are certainly important as well but they can not replace the issues mandated by law.

Specifically, the state budget required that the studies:

When evaluating different proposals, the entity shall consider, among other factors, how each proposal advances the goal of universal health coverage; controls the cost of health coverage and health care; affects the scope of benefits, the quality of care, and choice of providers for consumers; overcomes the obstacles to universal health coverage; fairly and equitably distributes the cost of health coverage and health care; deals with the level and distribution of costs as a barrier to health coverage or health care; affects employers and employment, particularly small business, the self-employed, sole-proprietors, collective bargaining arrangements, people with multiple, seasonal or sporadic employment and people who are under-employed or unable to work; and promotes the economic viability of hospitals, community health centers, health care professionals, and other health care providers.

These questions were initially included in legislation that many of us helped draft with Assemblymember Gottfried. The bill related to the studies existed for several years. The legislature decided to include the bill language in the budget to ensure that the studies answered these questions.

In the modeling instructions, the key questions outlined (on page 2) incorporate only a small portion of the mandate by the legislature and should be revised to include all of the legislative requirements.

The first question in the modeling instructions – reducing the number of insurance – is certainly a core part of the legislative mandate. While the two other questions are certainly of interest, they should not be a substitute for the legislative requirements.

“The Urban Institute’s micro-simulation model, Health Insurance Policy Simulation Model (HIPSM), will provide answers to a variety of questions including:

How do different reforms affect the number of uninsured?

How do employers and workers respond to changes in the cost of health insurance under various subsidy arrangements?

How do insurance market reforms affect risk pools?”

Several pages later (page 4), the modeling instructions do include questions that partially – but not entirely - reflect the legislative mandate.

“In keeping with the charge given to the Departments, each proposal will be analyzed for its ability to: rapidly provide health coverage to the citizens of New York; control the cost of health insurance and health care; fairly and equitably distribute the cost of health insurance and health care; improve the State’s economy and the competitiveness of the State’s businesses; promote the economic viability of health care providers and embrace increased use of preventive medicine to improve quality and reduce health care costs. “

We also have a concern with respect to the modeling instructions for single payer. We recognize that there is a limit as to how effective and accurate any modeling analysis can be and that there is a need to standardize some of the variables to be addressed in order to make it easier to compare the various models. However, the administrative simplification for providers, patients, and payers and the cost savings of a single payer system are reduced by leaving FHP, Child Health Plus, Medicaid, and Medicare outside of the single payer system, rather than having the system collect the federal monies that would have been spent on these programs. (This of course would be subject to whether or not federal waivers would be granted.) It would be preferable to model the single payer both ways (i.e., having everyone in, leaving government benefit programs out.)

For the New York Health Plus Program, we would suggest that a range of tax credits be modeled, say from 50% to 80%. Right now only 80% is being modeled. The size of any tax credit for those who opt out of NY Health Plus would be one of the most hotly debated issues if it was considered by the legislature and thus a range of options should be examined.

We would also note that for the various public-private models, that requiring any premiums to be paid by individuals will result in a certain number of individuals deciding not to participate if they are given a choice. Many low and moderate income individuals have difficulty in paying for essential costs such as food, housing and utilities. Thus discretionary expenditures are often avoided, even for critical expenses such as health coverage. The model needs to be realistic about the high levels of nonenrollment that will occur. For instance, the recent rise in the cost of fuel / heat and food prices will increase the rate of nonparticipation (i.e., the number of uninsured). We assume that the Urban Institute will accurately reflect these barriers. In addition, we would suggest that a variety of levels of such contributions should be evaluated.

We appreciate the opportunity to make these comments. We look forward to seeing an objective analysis of how each of the models meet the criteria established by the state legislature and Governor.

Sincerely,

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