



August 1, 2008

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

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

Dear Partnership for Coverage:

I appreciate the opportunity to provide comments on the modeling instructions that will be given to the Urban Institute. As members of the New York Health Plan Association, we fully support the comments that they made on behalf of the membership, however we thought it would be useful to provide you with some additional thoughts.

As the CEO of a Western New York health insurance plan that serves approximately 371,000 members, I share your goal of achieving quality and affordable health insurance for all New Yorkers. I am responding to your call for public comment on the document Modeling of Options for Expansion of Health Insurance Coverage for New Yorkers with the collective wisdom of the 1000 employees of Independent Health, who come to work each day dedicated to making a difference to providing insurance products and services that offer affordable access to quality health care.

While the Urban Institute's charge is focused on "modeling the cost and coverage implications of the various proposals for achieving universal coverage," I strongly believe that the cost of coverage cannot accurately be addressed without addressing the costs associated with care. As you know, the health insurance premium is a reflection of the costs associated with providing care, including payments to doctors, hospitals, pharmacy, along with other health care providers. At Independent Health, a little over 90% of our member's premiums go to cover the cost of care, with the remainder going to administrative expenses, which in part help to reduce costs through such efforts as care management and network management through the use of information technology. The

instructions document shares this concern stating that “health reform will be virtually impossible without a clear agenda to curb the unsustainable rise in health costs, especially given increasingly bleak economic indicators,” however I am concerned that the modeling exercise on its own will provide what might appear to be a solution that is not realistic.

New York State offers a continuum of health insurance products for the uninsured through public programs, including Medicaid, Family Health Plus, Child Health Plus and Healthy New York. These public programs offer options for those who need assistance, while private plans, like Independent Health, deliver a variety of insurance products to employers and individuals. According to a recent report by the United Hospital Fund, there are 2.4 million uninsured non-Medicare eligible persons in New York State, with about one million, or 40%, of whom are eligible for public health insurance. It seems to me that seeking to insure these one million people, through efforts such as the Statewide Enrollment Center, should be done before modeling various comprehensive plans that include major market reforms. Indeed, achieving enrollment of those eligible for current state programs could lead to greater opportunities for enacting more viable and sustainable market reforms.

So, while my recommendation would be to focus our resources on enrolling those who are eligible for existing public programs before embarking on a modeling exercise, I appreciate the charge that has been given to the Partnership for Coverage and would like to offer the following comments on the specifics of the document:

Section III. Reform Proposals Selected for Modeling

- In the second paragraph, it is not clear what is meant by “the economic viability of health care providers,” but any proposal should consider the availability and access to providers.

Section IV. A. “Medicare-for-All”

- Not clear why hospitals and clinics would operate within “global budgets” while non-institutional providers would continue to be paid on a fee-for-service basis, especially given the movement in health care to look at medical home type models of care.
- According to a DOH/OHIP Datamart, most Medicaid enrollees are in managed care, but most of the expense comes from those who are in fee-for-service. It seems like given this knowledge of experience that a proposal for a single payer, government run option is a considerable stretch.

Section IV. B. New York Health Plus

- By stating that “the State pays the full premium” aren’t you including the financing model as an integral part of the proposal, instead of as suggested in the common parameters, where it has been advised that the financing mechanisms be modeled after reforms are modeled and costs analysis is complete?

Section IV. C. Combined Public-Private Proposal

- This proposal includes many of the ideas that are now being tested in other states, including Massachusetts, Vermont, Indiana and Minnesota. I know that there is a lot that we can learn from their experiences.

Section V. D. The Freedom Plan

- When eliminating the minimum benefit requirements for high deductible health plans will there be mandatory participation in the associated health savings account, as with the current Healthy New York HDHP, or would this plan be used for a catastrophic coverage option?
- The common parameters stated up front that the benefit package that was being considered for the proposals would be “the FHP benefit package, modified to include full mental health parity,” but this proposal includes that “the availability of Health NY is expanded.” I thought that the FHP package would be used across the proposals to allow for consistency.
- The direct pay stop-loss for the individual market and additional protection for the HMO product would go a long way in addressing the potential for highest risk members that greatly and directly impact the costs of premiums. We would support this provision in the context of any coverage proposal that includes private plans.

Again, I want to thank you for the opportunity that you have graciously provided to comment on the proposed modeling instructions to the Urban Institute and I stand ready to work with you as you look for ways to provide universal coverage for all New Yorkers.

Sincerely,



Dr. Michael W. Cropp
President and CEO