

July 17, 2008

Hon. Richard F. Daines, MD  
Commissioner  
New York State Department of Health  
Empire State Plaza  
Corning Tower – 14<sup>th</sup> Floor  
Albany, New York 12237

Hon. Eric R. Dinallo  
Superintendent  
New York State Insurance Department  
25 Beaver Street  
New York, New York 10004

**RE: Partnership for Coverage Modeling Instructions**

Dear Commissioner Daines and Superintendent Dinallo:

We commend you on your work with the Partnership for Coverage and the thoughtful approach you have taken to model a series of insurance expansion options for New York. We are grateful for the opportunity to comment on these modeling instructions, and offer the following thoughts, which we hope you will find useful.

Modeling of Financing Options

Our overriding concern is that, as written, the Urban Institute will model the employer assessment component of the “Combined Public-Private Proposal” in order to assess coverage impacts of the assessment, but that financing mechanisms and redirection of existing resources for other reforms to be modeled will be examined “in the future.” The modeling of the employer assessment financing mechanism alone without consideration of financing for the other proposals seems problematic.

We think financing is a critically important component of all scenarios and encourage you to include the financing component for all four scenarios modeled. At a minimum, it will be important to understand what the financial responsibility will be for government, employers, and households under each proposal. The absence of this analysis will make it very difficult for New Yorkers to make “apples to apples” comparisons of the proposals, which is a key end-product of a successful modeling project. While we understand the need to model the employer assessment component in order to assess coverage impacts of the assessment, the same rationale would seem to apply to decisions individuals and employer groups will make under the other reforms proposals.

If it is necessary to complete this work in a separate stage (after coverage impacts are modeled) we would encourage you to include a discussion of financing for all scenarios in the final report in order to allow interested parties to fairly evaluate the choices.

### Complexity

Based on our experience with micro-simulation modeling for the United Hospital Fund-Commonwealth Fund *Blueprint for Universal Health Insurance Coverage in New York* with the Lewin Group, the Partnership for Coverage modeling instructions are quite extensive. (The “Combined Public-Private Proposal” alone contains more variations than what we modeled for *Blueprint* and represents only one of the four proposals you seek to model.) We anticipate that you will receive requests to model additional variations on these scenarios (including some from the Fund) and would encourage you to limit the additions and/or offer to put new requests on the “future modeling, subject to available funds” list so that you do not get weighed down with the initial modeling run. We found it enormously helpful to be able to revise details of various scenarios based upon initial modeling results. We appreciate that with a fixed budget for modeling, there will be limits to what can be modeled in each round.

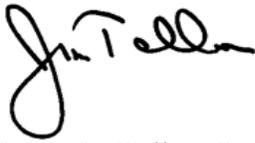
Given the many options included in this first run, we believe that the instructions would be improved by providing greater clarity. First, in modeling exercises that involve multiple options, such as the market reform section of the combined public private option, it was unclear to us whether results would be provided independently for the different exercises contemplated (merging direct pay and small group, increasing small group size to 99 and allowing age rating) or for discrete “packages” of multiple reforms. Second, it would be helpful if you would clarify what implementation timeframe you will be assuming for the various proposals (e.g., one, five and 10 years, as with the cost outlook).

### Cost Containment

While the decision to postpone cost containment modeling to a later date due to the complexity and lack of empirical data is understandable, it would seem that certain cost containment initiatives, such as standardized benefits, minimum loss ratios, prior approval of rates, etc. are fairly straightforward and could be modeled at this time.

Thank you again for the opportunity to comment on the Partnership for Coverage modeling instructions. We would be happy to meet with you at your convenience to discuss these comments.

Sincerely,



James R. Tallon, Jr.  
President



Peter Newell  
Co-Director, Health Insurance Project



Danielle Holahan  
Co-Director, Health Insurance Project

cc: Dennis Whalen  
Joe Baker  
Troy Oechsner

