

Alliance **ALERT!**

Fall

A Publication of The Employer Alliance for Affordable Health Care

2003

Study Concludes:

Policy Holders Pay Over \$1,000 Per Employee For Mandates

Our members have known for years that health insurance mandates increase the cost of their premiums, but now there is proof. An actuary study commissioned by our organization found that mandates cost individual and small group policy holders in New York more than 12% per employee annually.

In August of 2002, the Board of Directors voted to conduct an actuary study to discover the true cost of existing and some proposed health insurance mandates in New York State. The Alliance hired Donna Novak of NovaRest Consulting in Fox Lake, IL to research and write the study. The study was funded through the generous donations of our members. By commissioning this study, the Alliance wanted to show lawmakers that this type of study is easily completed. More important, the report provides our members with a clear picture of the financial burden caused by legislative mandates.

The study evaluated the 30-plus benefits already mandated by New York State and found that to fund these mandates, family policy holders must pay \$1,044 each year while individual policy holders pay \$455. According to an independent philanthropic organization, the Kaiser Family Foundation (www.kff.org), in 2000 New Yorkers paid \$7,090 annually for family coverage and \$2,955 annually for individual coverage. Overall, health insurance mandates increase premium costs by more than 12 percent per person per year.

Albany's "A List"



Mark Alesse (right), a member of the Alliance Board of Directors presents Assemblyman Robert J. Warner with our 2002 "A List Award." This is the second year Assemblyman Warner earned a grade of "A+." Story and photos inside.

SUCCESS!

Last year, state leaders pushed to expand mammography benefits to include a new digital testing procedure called Computer Aided Detection (CAD) devices. With health care premiums continuing their climb to unprecedented levels, the Employer Alliance publicly voiced our members' concerns about the use of an untested and unproven technology to detect breast cancer. We also objected to a mandate that would provide a monopoly for the sole manufacturer of this device. Albany listened and for the first time ever—required the state Insurance Committee to further study the issue. The results of this study became available in April and armed with the facts, our legislators decided that requiring the use of CAD devices at the present time is neither medically necessary nor cost-effective. Knowledge is power and because of our effort, lawmakers were able to make an educated decision based on facts, not politics! For New York's small business owners this is a welcomed success.

A Message from the Chairman

It's Up To You!

This newsletter is all about you – your stories and the issues that impact your ability to obtain affordable health insurance. It is also a snapshot of Employer Alliance activities.

Did you ever wonder if your telephone calls and e-mails made a difference? The answer is a resounding YES! This year legislators debated a number of high profile proposals that would have continued to widen the gulf between those who have insurance and those who do not. In many cases, deliberation continued right until the final hours of the regular session. Fortunately, as a result of your letters and e-mails and by sharing your personal stories, the session ended without the passage of any new mandates. Yet our work remains far from complete. Many of these same issues will be deliberated again next year and New York State still lacks any type of process to measure the cost and medical efficacy of these mandates before they become law.

I encourage you to familiarize yourself with the resources that we've made available to you. Review your copy of the 2002 Report Card and our latest study "New York State Mandated Health Insurance Benefits." Visit our web site to learn more about the work that we're doing on your behalf in Albany. Most important, stay in touch with your local lawmakers.

Thank you all for your help this spring. Together, we will continue our fight to keep health insurance premiums affordable.



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Scott Miller, *chairman*

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Mark Alesse
Michael V. Barrett
Brian Clark
Jeff Leland
Lee Marks
Rob Robinson

Let's Get New Yorkers Covered!

In March, the Employer Alliance participated in a national campaign called *Cover The Uninsured Week*. The nationwide initiative started in New York City as a way to publicize the growing epidemic of uninsured.

By lending our support to this effort, The Alliance was able to highlight the urgent situation of New York's three million uninsured. Specifically, we were able to bring attention to the plight of our members, people who work hard, yet struggle to purchase health insurance for themselves and their employees.

Legislation Threatens Affordability

When lawmakers return to Albany on September 16, they will again consider nearly 100 different health insurance mandates. Proposals include a measure to cover the cost of wigs, an unlimited mental health benefit and colorectal screening. Would you like to learn more? A complete list of proposed mandates is found on our web site – www.employeralliance.com.

Study from Page 1

This is the first such fact-finding and research project that has ever been conducted so extensively on the topic of New York health insurance mandates, Alliance Chairman Scott Miller said.

"Our members thoroughly investigate the necessity and long-term financial impact before they make a major business decision, yet this same course of action is atypical in Albany," Miller said. "The Alliance is a grassroots business coalition with limited resources, yet we were able to complete a comprehensive study within four months. If we can do this there is no reason that lawmakers can't follow our example and look into the cost and efficacy of every mandate before they take action." Copies of the actuary report are available on our web site.

Senate Insurance Committee Hears Alliance Testimony

In April, the Employer Alliance presented testimony to the Senate Insurance Committee. The hearing was intended to discuss forces that drive up the cost of health insurance.

Alliance representatives attended the April 15 event and Chairman Scott Miller submitted testimony at a second hearing on May 13. According to a representative of committee chairman James Seward, future hearings are being planned on a regional basis and the Employer Alliance will be invited to testify.

While mandates are not the only factor increasing health insurance premiums, their impact is significant. We believe that by reforming the process, Albany could save sole proprietors and small business owners in New York State thousands of dollars each year.

The Employer Alliance has asked lawmakers to put a moratorium on passing any new health insurance mandates until they develop a prequalifying system to measure cost and efficacy. Health care costs are high enough without precious dollars being spent on mandated services and providers that are not proven effective. For that reason, we have called upon the Legislature to take a leadership role in making the purchase of health care in New York State more rational and affordable.

Assembly Misses the Mark on Mandate Review

New York State came one step closer to implementing a health insurance mandate review system that makes sense in 2003. The Senate Insurance Committee, under the leadership of central New York legislator James Seward (R-50) approved legislation that would require a formal study of proposed health insurance mandates *before* they become law.

The bill (S.1447) would have provided lawmakers an analysis of the long-term financial impact and medical efficacy of a mandate before they vote by establishing the New York Health Benefit and Cost Commission. Board member Mark Alesse praised the measure, saying that this legislation will bring New York State "one step closer" to a rational system of affordable health care.

"Lawmakers are taking a serious look at this situation," Alesse said. "S.1447 will provide an objective cost analysis to measure the financial impact of health insurance mandates before the bill becomes a law. Such a system in New York State is long overdue. Twenty-three other states already have such an analysis, including our neighboring states of Vermont, New Jersey, Massachusetts and Pennsylvania. We applaud the Senate for this farsighted action."

While this is a great success and a critical step - it is only part of the solution. To pass a law in this state, the Senate and Assembly must pass the same bill and the Governor must sign it. The Assembly did not act on this legislation before the session's end. We will continue to urge Albany to adopt a formal review system when lawmakers return. In the meantime, we encourage you to write to your elected officials and tell them that New York needs a system of health insurance mandate review.

THIS FALL WE MAY ASK FOR YOUR HELP.
With many important issues being considered in Albany, now, more than ever, your letters, telephone calls and e-mails make a difference.

Paying More in 2004

The state budget brought dismal news to our members in the form of over \$130 million dollars in new taxes, fees and assessments. With New York State facing an unprecedented, \$12 billion deficit, lawmakers called on health insurance premium payers to close the gap. The result - New York employers are being asked to shoulder an additional \$130 million to help keep the state solvent. These latest taxes, fees and assessments include:

Increase in the inpatient services surcharge - \$80 million

Increase in the "covered lives" assessment - \$35 million

Imposition of a 1.75% premium tax - \$9 million

Increase in Section 332 assessments - \$8 million

Each of these taxes will be ultimately passed through to us, the insurance premium payer. This further penalizes responsible employers who are desperately trying to maintain coverage for our employees and their families. When the session resumes lawmakers will again deliberate a variety of measures that have the potential to further increase our premiums. Visit our web site to remain informed of critical issues. **The Alliance will be asking for your help to stop Albany from continuing this trend that hurts small businesses.**

The 2002 “A” List

Grades are tallied and the news is good. Lawmakers are becoming more responsive to the concerns of small business when they vote on issues that can inflate health insurance premiums, according to the results of the Employer Alliance’s 2002 Legislative Report Card.

Six more lawmakers achieved grades of excellence this year – a total of 18 lawmakers received a grade of “A-” or higher, compared to 12 last year. The Alliance began publishing the Legislative Report Card, which evaluates the voting records of all state representatives on issues that impact our members and raise their health insurance premiums, three years ago. Key issues for 2002 included legislation supported by the Alliance, such as the sole proprietor legislation and Computer Aided Detection devices study bill, as well as legislation that we opposed like the Women’s Omnibus Mandate, scalp prosthesis and infertility mandates. Bill introduction records and other variables that demonstrate a commitment to affordable health care are also factored into each grade. In June, board members Rob Robinson and Mark Alesse went to Albany to present high scoring legislators with our annual “A List” award.

“It is important for every person in New York State to have access to basic, affordable health insurance coverage,” Robinson explained. “We applaud those legislators whose voting record reflects a commitment to giving all New Yorkers a chance at obtaining affordable healthcare.”



Board member Rob Robinson with Assemblyman Thomas Barraga



Rob Robinson with Senator Hugh T. Farley



Rob Robinson and Assemblyman Thomas Kirwan, receiving his second award



Assemblyman Pat Casale receives his 2nd “A List” Award from Rob Robinson



Rob Robinson and Assemblyman Alexander B. Grannis



Queens County Senator Serphin Maltese with Rob Robinson



Rob Robinson and Senator John DeFrancisco



Assemblyman Sam Hoyt (Erie County) receives his first award from Rob Robinson



Senator Ray Meier, who earned an A+, with board member Mark Alesse



Rob Robinson with Richmond County Assemblyman Matthew Mirones



Senator Frank Padavan of Queens County receives his first "A List" Award



Two-time "A List" member Robin Schimminger receives his award from Rob Robinson



Senate Insurance Committee Chairman James Seward earns his second accolade from Rob Robinson

Member Profile **The Personal Side of Health Insurance**

Jeff Leland knows that affordable health insurance is not about money. It's about peace of mind and protecting the employees that he relies on to keep operations running at his wholesale distribution paper business.



Jeff Leland

Leland is the vice president and general manager

"Albany needs to realize that this issue is not about money. It's about people."

of Leland Paper Co. in Glens Falls. He believes that if you take care of your employees they will take care of you. For many years Leland Paper paid 100 percent of employees' health

insurance costs. In recent years, as premiums continued to steadily increase, the company had to reevaluate this practice to prevent other areas, like competitive wages and job creation, from suffering. Workers at Leland Paper now pay approximately 50 percent of the total premium.

"The increase in costs to our employees for a family plan this year was just about \$900.00," Leland said. Fortunately all of our employees presently have health insurance coverage, whether they pick it up here or pick it up through their spouse's place of employment. The irony is that many who pick it up through their spouse are able to get a more affordable plan because the spouse's employer is not subject to the mandates."

If New York State continues to force health insurers to cover services that are not medically effective or benefit only a handful of people, premiums will continue to climb. "If the trend in continues, in five years a family plan would be \$8,500.00 out of pocket," he said. "I'm afraid that the extra cost will be too much and many will simply have to take their chances and go without health insurance. Albany needs to realize that this issue is not about money. It's about people."



Board Member Robinson with Senator Ceasar Trunzo of Suffolk County



Senator Dale Volker, who received a perfect score of A+, with Rob Robinson

The following resolutions

Rob Robinson, a member of the Alliance Board of Directors and president & CEO of The Otsego County Chamber, submitted the following resolutions which were adopted by the Chamber and sent to Albany. If you would like to obtain a copy of these resolutions, call 877-5-OTSEGO or tocc@otsegocountychamber.com

Resolution Regarding the State Budget: To Hold Spending to Responsible Level, To Preserve Enacted Tax Cuts, and To Avoid New Taxes

WHEREAS, small businesses in Otsego County and throughout the state create and provide most jobs; and,

WHEREAS, healthy small businesses in the upstate region and throughout the state are the foundation for public sector resources; and,

WHEREAS, despite tax cuts enacted over the last decade, taxes on business in New York remain far higher than those in many other states; and,

WHEREAS, higher taxes on business will inhibit growth, profitability and job creation among small businesses in the region and throughout the state; and,

WHEREAS, if overall “state-funds spending” had been held to the inflation rate over the past five years, the state would have saved nearly \$8 billion in the current fiscal year;

THEREFORE, BE IT RESOLVED that The Otsego County Chamber urges the New York State Assembly and Senate to enact a state budget that holds spending to responsible levels, preserves enacted tax cuts, encourages cost savings in local/state government and school districts, provides mandate relief for all levels, and avoids new taxes and fees.

A Resolution Establishing a Small Business “No Frills” Health Insurance Program

WHEREAS, small businesses (with one to fifty employees) in Otsego County and throughout the state are major creators of new jobs; and,

WHEREAS, a healthy and productive small businesses community is the foundation for public sector resources; and,

WHEREAS, the double-digit increases of recent years in health care costs and health insurance premiums is driving small businesses to reduce and to eliminate health insurance coverage for employees and their families; and,

WHEREAS, the increasing mandates placed on small business group health insurance plans is a prime driver of the high cost of the insurance; and, WHEREAS, covering the uninsured, and keeping employees insured, is a better public policy than adding additional special interest mandates;

THEREFORE, BE IT RESOLVED that The Otsego County Chamber urges the New York State Assembly and Senate to enact a “no frills” mandate-free small business health insurance program that will allow small business to keep and expand coverage to small business employees. In addition, we call for the plan to support preventive measures aimed at discovery of health problems before the solutions are more expensive.