

Plan's Move to Senate Presents Challenges for New York

by Thomas K. Duane

Wednesday, November 11, 2009 12:00 AM



Photo (cc) [uberzombie](#) Ambulances wait outside Columbia University Medical Center

The financial stakes of federal health care reform are high. I am a strong believer that we need to rethink the way we provide health insurance for all Americans. However, I also feel strongly that the health care reform legislation currently under consideration in the United States Senate can and must be made better for the residents of New York State.

As New Yorkers, we should be proud of our state's trailblazing leadership in developing important public programs like Medicaid, [Family Health Plus](#) and [Child Health Plus](#). By broadening eligibility for these programs, we have dramatically reduced the ranks of uninsured. Unfortunately, under the [bill approved](#) by the Senate Finance Committee last month, New York and nearly 10 other so-called leader states will be fiscally punished for their efforts.

For more views on health care and New York:

[Fixing a Broken System](#) : State Sen. Liz Krueger writes that New York and the rest of the country can't afford to let this moment pass without addressing our health care crisis.

[New York -- Model or Warning?](#) : Paul Howard, director of the Center for Medical Progress at the Manhattan Institute, warns New York's effort to provide health insurance to all of its residents should offer a cautionary tale for Congress as it crafts a health care bill.

[An Option the Public Needs](#) : Arva Rice, president of the New York Urban League, argues that that a government insurance plan -- the public option -- is essential to help those who have been shut out of our health system for far too long.

[A Floor Not a Ceiling](#) : Richard Gottfried, chair of the State Assembly's health committee, urges

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Congress to enact a bill that will allow states to fill gaps in the national law and provide health programs that meet the needs of their citizens.

The Senate bill would provide new federal money only for states whose eligibility for public coverage programs currently falls below the new federal minimum -- an outcome that the New York state health department estimates will result in an additional \$900 million in annual costs for New York State. In this area, the House bill is better and rewards all states -- regardless of previous coverage levels -- for expanding public insurance coverage.

Penalizing High-Cost States

The Senate Finance bill also could better address the needs of high cost of living states, like New York. This bill provides insurance premium subsidies based on the federal poverty level, which does not recognize the high cost of living -- and of health insurance -- in New York State. The value of the proposed insurance premium subsidies will not go very far in New York's high-cost health insurance market.

A new affordability exemption, included in recognition of the unfair burden that high health insurance premiums might place on lower-income families, would allow many New Yorkers to opt out of the insurance mandate. Some estimates indicate that as many as 500,000 New Yorkers might accept this exemption and remain uninsured. While nearly 2 million would still get coverage, I believe that we can, and must, offer better subsidies to reflect the realities of high cost states such as New York.

Protecting New York's Protections

New York has some of the strongest consumer protections in the nation. Our state has guaranteed open enrollment and renewal and significant limitations are placed on insurers regarding exclusions for pre-existing conditions. We are the only state in the country that has a pure community rating model, meaning that health insurance rates are the same for everyone, regardless of age or health status. This protects our most vulnerable residents and ensures that the cost of illness and disability is shared fairly across our state.

New York also has strong external review and appeals protections, which encourage expeditious resolution of claims disputes. The Senate Finance bill would curb the worst insurance abuses and provide new national protections that would act as a national floor, but not a ceiling for insurance regulation. But insurers still will be able to charge higher prices for

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older people and people who smoke. New York will maintain its superior rules, though some are concerned that the existence of a federal floor will create pressure on New York to loosen its laws.

Several other provisions of the Senate Finance bill raise red flags for New York State. Its version of health care reform would change one of the ways that we reimburse hospitals that care for people who do not have insurance. This would devastate New York City's public hospital system, the [Health and Hospitals Corp.](#), for which these payments are a critical source of funding.

A new small business tax credit, meant to help small businesses because their cost of insurance is higher than for larger companies, is pegged to wage rates. Hence, New York's high cost of living and relatively high wages would leave many small businesses ineligible for federal help.

Finally, a tax on high-cost insurance plans, intended to discourage people from buying more health insurance than they need, will harm many New Yorkers more than people in other states. The high cost of health care in the state has led to insurance premiums that are correspondingly high and the relatively high rate of unionization in our state has led to more generous benefits packages for New York workers. As a result, New Yorkers will likely pay considerably higher taxes on their health care.

Looking Out for Our Interests

So where does this leave New York? The good news is that there is still time to improve the Senate bill -- first in the melding with the Senate Health, Education, Labor and Pensions bill, and second when the House bill and the Senate bill are crafted together in conference. In addition, none of the provisions of health care reform begin immediately, which provides New York State an opportunity to think through our plans.

It would be wise for our state to put together a team that includes representation from the executive and legislative branches, as well as relevant stakeholders, to generate, discuss and vet ideas and plans. Bringing providers, consumers, health plans providers and insurers together increases the likelihood of getting it right, and of being sure that key issues are not overlooked. National health reform presents a huge challenge for New York State. It will take all our best efforts to get it right at the federal level and make it right for New York.

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