

## Health insurers, thus NY consumers, bear brunt of ACA reforms

By Paul F. Macielak

More New Yorkers have health insurance today than did three years ago, and that's a dramatic benefit of the Affordable Care Act (ACA).

But the ACA and structural changes in New York's overall health care system are causing serious upheaval for the state's health plans. More importantly, since these plans cover more than eight million state residents, the changes also affect many families.

Consider this: five similar upstate commercial health insurance companies that all realized modest earnings in the third quarter of 2010 saw those earnings become combined losses of more than \$184 million by the third quarter of 2014. No one expects the red ink to change back to black, either for last year's fourth quarter or into 2015.

A key contributing factor is taxes. In 2014, ACA taxes on health insurers nationwide totaled \$8 billion. That's on top of the nearly \$5 billion in New York health care taxes collected annually and separate from another \$69 million in taxes the Cuomo administration's proposed budget wants to pay for the state health exchange. All these taxes add to the cost of health insurance premiums without adding any services

With approximately 90 percent of all premium costs going to pay doctors, hospitals, pharmaceuticals and other health care services, these additional cost burdens can only be passed on to the insured—New York's consumers and businesses that pay the premiums. And remember, these higher premiums come without an added benefits or services for those paying the bill.

Data show that health care provider charges and drug costs continue to increase and drive overall health care spending. For example, April 2014 research by the UnitedHealth Center for Health Reform estimates the cost of specialty drugs, \$87 billion in 2012, will rise to \$400 billion in five years. Higher prices for medical services and treatments make health care coverage more expensive for individuals, families, and employers.

Despite these rising costs, New York regulators set this year's rate increases for individual and small group policies at challengingly low levels. This makes it increasingly difficult for health insurers to deliver needed services. More worrisome, it adds to plan losses, threatening their very ability to stay in business and offer coverage.

We are well aware that health insurance companies are not held in high public esteem, and are blamed for higher premium costs. But this isn't only about us. The ACA provides premium tax credits and cost-sharing subsidies to help low- and moderate-income Americans afford coverage. While subsidies help many people purchase coverage, they do not lower underlying health care costs.

Plans play key roles in achieving the ACA's and state's goals for consumers' health care needs. Consumers, regulators and political leaders need to understand the complexities of our changing system and not shift all the new costs to health insurers, because that inevitably impacts New York's families, businesses and jobs.

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