

TIME FOR AFFORDABILITY

FOCUS ON

PROTECTING CONSUMERS

ICYMI: FIXING NEW YORK'S PREMIUM PROBLEM PT2



Timesunion.com | Thursday, June 2, 2016 | ALBANY, NEW YORK | \$1.50 | \$2.00 IN OUTLYING AREAS

VIEWPOINT

Fix health plans for benefit of all

By Paul F. Macielak

Health plans in New York recently filed applications with the Department of Financial Services for their 2017 premiums. The requests, a 17.3 percent average increase for individual policies and 12 percent for small groups, reflect increases that are the direct result of the underlying cost of care and marketplace changes that continue to impact health plans' operations.

News reports about the rate applications point out these are only "proposed" rates, with DFS having the final say over premium increases. And, in the last two years, the department has, indeed, reduced the requests — by more than 30 percent for 2016 and more than 50 percent for 2015. Prior year losses resulting from the cuts imposed by DFS are one of the very reasons why plans

this year are seeking significant premium increases. Multiple years of plan losses, most recently highlighted by a report from McKinsey & Co., threaten the stability of the exchange and the health plan marketplace as a whole.

Add in rising medical costs coupled with decreasing federal funding, higher-than-expected utilization of services that resulted in higher costs for care delivered, as well as costs absorbed by plans as a result of last fall's abrupt closure of Health Republic, and the need for higher rates for 2017 becomes clear.

Now add regulatory and legislative activities that put upward pressure on rates. Recent action by the state Attorney General's office and the Department of Health to revise health plan criteria for access to drugs used to treat Hepatitis C treatment will have

the predictable consequence of driving steep increases in health plan spending on these unjustifiably expensive drugs. Also, as the Legislature looks to conclude its session, the Senate and Assembly are considering a number of bills that, while well-intended, will increase utilization and costs of services, consequently adding to the overall price of coverage.

New York needs an objective, non-politicized way to determine health insurance premiums, and one that curtails the DFS superintendent's unfettered discretion that permitted such dramatic cuts in recent years.

Before lawmakers leave Albany, they should take action to provide transparency in the rate-setting process and ensure market stability that will protect consumers' choice of plans and access to afford-

able health care coverage.

They should repeal New York's prior approval law and allow health plans to price products based on the cost realities of the care and services they are required to provide while at the same time protecting consumers through use of a formula that provides premium rebates in the event medical costs are less than a statutory level.

The rate increases requested by plans for 2017 are necessary to address New York's flawed system. Let's stop pointing fingers at health plans and fix the system so it works for all in the future.

► *Paul F. Macielak of Albany is president and CEO of the New York Health Plan Association, a trade association representing 28 health plans that cover more than 7 million New Yorkers.*

New York's flawed rate setting process and the Department of Financial Services' unfettered authority over health plan rates is threatening a stable and sustainable health insurance marketplace in our state.

Pass S.4540-A

Ensure consumers' choice of plans and access to affordable health care coverage.