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Ms. Donna Frescatore
Executive Director
New York Health Benefit Exchange
Executive Chamber, Room 248
Albany, NY 12224

Dear Ms. Frescatore:

Thank you for taking the time last week to talk about our upcoming meeting with senior plan executives to discuss Exchange policy and implementation. I also wanted to provide additional feedback on the Milliman study of Essential Health Benefits (EHB) and the New York State Health Benefit Exchange (Exchange) effort to decide on an EHB benchmark plan.

As previously noted, the issue of affordability is crucial to designing any viable health benefit package — a tenet that hold true outside of as well as inside the Exchange. Throughout the years of New York Health Plan Association (HPA) and its member health plans commitment to partner with New York to expand access to care and coverage we have continually stressed that affordability and accessibility go hand in hand, and represent two sides of the same coin.

Given this viewpoint, it would be our position that the New York State Employee Plans (NYSHIP) should not be the benchmark for the state's EHB package. These plans, and in particular the Empire Plan, have an extremely broad and generous benefit structure that would almost certainly be impossible to price within any reasonable affordability standard. Based on a review of the current Empire Plan premiums (Department of Civil Service, Empire Plan Quarterly Experience Report, February 2012), the annual cost for family coverage is close to \$20,000. With NYSHIP enrollment at more than one million lives, that figure reflects New York's considerable power to negotiate more favorable provider rates than would be expected for plans participating in the Exchange.

Also arguing against the NYSHIP plans being the EHB benchmark is the fact that they currently include benefits that are not identified as essential under the Affordable Care Act. Examples of these additional benefits include adult dental services, skilled nursing care facilities, hospice care and durable medical equipment, to name but a few. These are benefits that further add to the premium cost.

HPA recognizes there are myriad groups that believe even the NYSHIP Plan offerings fall short of what they would hope to see in an EHB package. However, we need only to look at the experience of New York's direct pay

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market to see the effect an overly rich benefit package has on the price of that coverage. As noted in our previous comment letter, analysis by the Congressional Budget Office has indicated more than 40 percent of people purchasing coverage in the individual market today would be ineligible for premium subsidies for coverage offered through Health Insurance Exchanges.

Looking at the other potential benchmark plans, we believe the small group plans evaluated by Milliman will offer greater flexibility in New York's effort to design an EHB. The caveat to this is, as expressed previously, the need for information on various cost sharing mechanisms that might be contemplated. This goes to the heart of the affordability issue, particularly as the EHB package will apply to non-grandfathered insured plans in the individual and small group markets, both in and out of the Exchange.

Again, we appreciate the opportunity to provide our comments and this additional input. HPA and its member plans remain committed to working with you in implementing New York's Exchange.

Sincerely,



Paul F. Macielak
President & CEO

cc: Danielle Holahan, Project Director, Health Benefit Exchange Planning