

Healthy NY

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New York State

- Community Rating
- Open Enrollment
- Standardized individual market
- Small group market has mandated benefits (law sets a minimum standard)

New York State

- Population 19 million
- Approximately 2.7 to 2.9 million uninsured
 - A decrease from prior years
 - 22% - Non-workers and their dependents
 - 78% - Workers and their dependents
- 52% of uninsured workers <25 employees
- Est. 1.3 million residents are uninsured but eligible for public coverage

Background

- Use of tobacco funds
- Reinsurance to reduce premiums
- Market-based initiative
 - Does not appear like a public program
- Small businesses
- Sole proprietors
- Individuals
- Eligibility criteria
 - Uninsured
 - Most vulnerable / low income / low wage

Eligibility

- Small businesses - Profile
 - 50 or fewer employees
 - At least 30% of employees earn \$34,000* or less in annual wages
 - Employer has not provided insurance in past 12 months
 - has not contributed more than a *de minimus* amount per month per employee for coverage in past 12 months (\$50/\$75)

* adjusted annually

Eligibility

- Individuals & Sole Proprietors
 - ≤ 250% of FPL
 - Employed in past year (or spouse has been)
 - Not eligible for employer provided insurance
 - Ineligible for Medicare
 - Uninsured for past 12 months
 - **OR** lost coverage due to certain reasons:
 - divorce, separation, death, change/lose job, change residence, loss of eligibility, reached max age for dependent coverage, or other coverage was COBRA or other public programs

Program Design

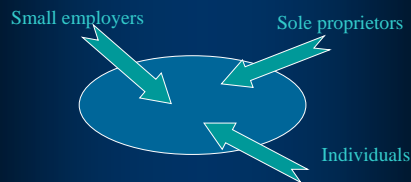
- Premium Reduction
 - Reduced benefits
 - Cost sharing
 - Managed Care concepts
 - Reinsurance (stop-loss)
 - Health plans are reimbursed a portion of claims paid on behalf of member
- Public – Private Partnership

Other Elements

- All HMOs are required to participate
 - We did not have to contract w/ health plans
 - Employs managed care concepts
- Applicants apply directly to the HMOs
- Provides comprehensive benefits, but limited
 - Eliminates several mandates – home health care, chiropractic care, alcoholism & substance abuse, SNF, hospice
 - No mental health coverage
 - Limited prescription drug benefit (\$3,000)

Unique Elements

Experience is pooled together
Individual premium rate is same as group rate



Implementation

- Subscriber contract approvals
 - Model contract language developed and provided to health plans to ease process
- Premium rate approvals
- Regulations - rules for the program
- RFP / Contract with fund administrator
- RFP / Contract for annual study

More Implementation

- Guidance to plans
 - training on eligibility and program rules, reporting requirements
- Establish toll-free hotline / hire answering service
- Outreach, public awareness
 - advertising
 - Healthy NY consumer guide, brochure
 - establish website

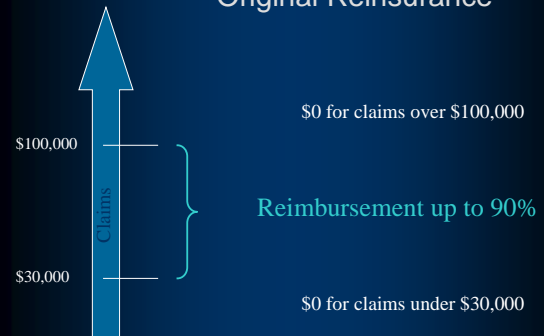
2003 Program Enhancements

- **Employer crowd-out**
 - Allowed employers that provide only a *deminimus* contribution toward existing coverage to enroll in HNY
- **Changes for Individuals**
 - Employment Standard eased
 - HNY became a qualified plan for the federal Health Coverage Tax Credit

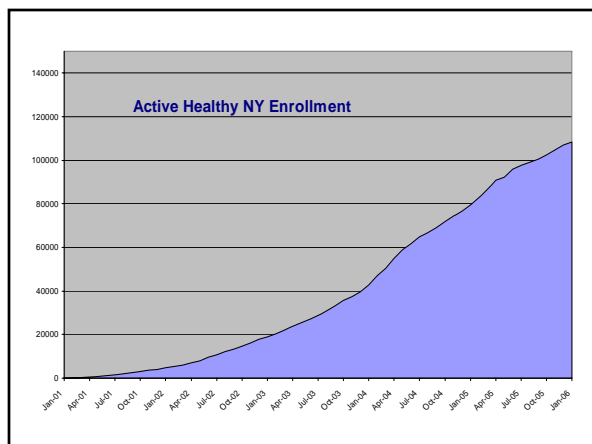
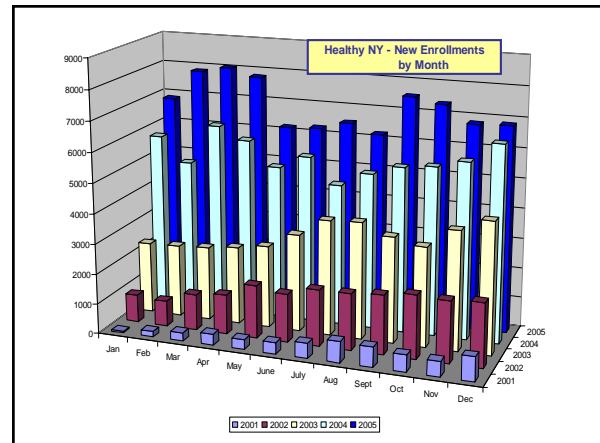
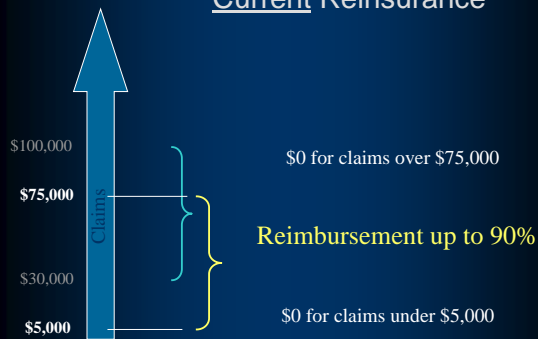
2003 Program Enhancements

- **Authorized a no-drug option**
 - Can save 12% of premium
- **Stop loss corridors / Reinsurance**
 - From \$30k - \$100K to \$5k - \$75k
 - Instant premium reduction of 17%

Original Reinsurance



Current Reinsurance



	Funding	Claims	PMPY C / MYE
2001	\$40 M	\$115,900	\$ 75
2002	\$106 M	\$715,000	\$ 66
2003	\$89.4 M	\$13.3 M	\$ 449
2004	\$49.2 M	\$34.5 M	\$ 533
2005	\$69.2 M	t.b.d.	

What We've Learned

- Fear of the Unknown
 - Complaints early in process
 - Conservatism in pricing
- Standardization of applications
 - Easier for distribution
 - Less administrative burden
 - Easier to explain program, answer questions

What We've Learned

- Healthier population than expected
 - Claims for first two years of program very low
 - SL claims corridors: lowered
- Program life: start-up period should be longer, perhaps 5 year period
 - Initial program funding for only 2 ½ years
 - It takes time for a new program to take hold
 - Experience data is not credible until matures

What We've Learned

- Price is critical
 - Price sensitive businesses and individuals
 - Must be affordable in order to attract new lives
- Distribution Channels are important
 - small group market - need broker involvement, chambers of commerce, business associations, NFIB
- Don't be Overly Rigid or Complex
 - Don't crowd-out your target

What We've Learned

- Recognize indirect benefits of program
 - Rejuvenated private marketplace discussions
 - interest in new products for small groups
 - increased competitiveness of market
 - Cross-education of other programs
 - Family Health Plus, Child Health Plus, M/A
 - Programs can work together to educate broadly
- Consider true costs
 - Savings for other programs
 - Generation of premium tax revenue

Addressing the Needs

- ✓ • Affordability
 - Provides a lower cost alternative for private purchase of insurance
 - Less than half the cost of individual coverage
 - Within the reach of working individuals
- ✓ • Availability
 - Sold by every HMO
 - Every county in state
 - Choices of HMO selection

Addressing the Needs

- ✓ • Accessibility
 - Applications are easy to get
 - Website, mail, HMOs, Dept. events, toll-free hotline, other agencies
 - All HMOs participate
 - Can enroll at any time of year
- ✓ • Administration
 - Simple application form and process
 - Simple annual recertification
 - Won't lose coverage mid-year due to changes

www.healthyny.com

- 2005 Annual study of the program
prepared by EP&P Consulting, Inc.
 - program growth, enrollment trends, claims data, pricing impact, feedback from enrollees and health plans
- www.ins.state.ny.us
- pswolak@ins.state.ny.us