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NYSCOP Opposes Governor's Proposal Reinstating Prior Approval *Proposal is a classic example of Albany budget gimmicks.*

Albany, N.Y. –The New York State Conference of Blue Cross Blue Shield Plans (NYSCOP) today expressed opposition to two proposals in the Governor's budget that would increase hidden insurance taxes which lead to an increase in the cost of coverage; and, enact government imposed price controls through the reinstatement of "prior approval" of health insurance rates.

While the inclusion of increased insurance taxes has become an annual budget event over the course of the last several years, the inclusion of a government run rate approval process in the budget is unprecedented.

"Increasing health care costs and taxes are leading to an increase in health insurance premiums – and the rate of these increases are neither desirable nor acceptable to health plans or New York State consumers," said Deborah Fasser, spokesperson for NYSCOP. "The solution is to reduce insurance taxes and enact policy initiatives designed to reduce rising costs, not to impose government price controls where the rates are left to the subjective whim of a political appointee. This proposal will only result in artificially suppressed rates which, in turn, will lead to a decline in provider reimbursement, a spike in premiums when politically tolerable and job losses in the health insurance industry."

Price controls don't work-in health care or any other market. New York found this out the hard way in the 1980s and early '90s when prior approval failed miserably. It was because of this failure that in 1995 the New York legislature **unanimously** voted to eliminate prior approval. Health plans simply could not afford to deliver care at the rates mandated by the state.

"What is particularly outrageous is that, unlike previous years where this issue has been debated on its merits as a stand alone measure, this year the Governor has slipped it into the budget and attributed to it \$150 million in savings (\$70 million in 2010)," Fasser said. "Even in the sometimes fictitious world of Albany budget making, attaching purely speculative Medicaid savings to controlling premiums for private paying customers is especially astonishing."

"This action is yet another example of what is wrong with Albany. Sneaking a non-budget related issue into the debate over the State's finances and including fabricated savings in the hope that the issue will get passed because the State needs the "savings". It's a classic case

of why the public has lost faith in government,” said Fasser. “This proposal will not deliver any meaningful cost savings as the Governor claims. All it will do is give businesses one more government-related reason not to do business in New York.”

Likewise, hidden in the Governor’s budget proposal is another \$ 100 million in state taxes, assessments and fees to be applied to the cost of health insurance.

“The Governor needs to stop playing shell games and address New York’s burdensome taxes and fees – both of which directly impact the price of health care coverage,” said Fasser. “Tacking another \$100 million on to this burden will only drive up premium costs even further.”

“As we await the federal health care legislation, which will profoundly change the way New York’s health care industry operates, it’s astounding to see the Governor and the Insurance Department revert back to a program that did not work in the first place,” Fasser said. “It’s time to come up with some real cost-saving measures, not failed policies from the past.”