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# Testimony of the New York Health Plan Association

to the

Senate Finance Committee
and the Assembly Ways & Means Committee

on the subject of
2021 Executive Budget Proposals on Health Care

January 29, 2020

## INTRODUCTION

The New York Health Plan Association (HPA), comprised of 28 health plans that provide comprehensive health care services to more than eight million fully-insured New Yorkers, appreciates the opportunity to present its members' views on the Governor's budget proposals.

HPA members include plans that offer a full range of health insurance and managed care products (HMO, PPO, POS, etc.), public health plans (PHPs) and managed long term care (MLTC) plans. The New Yorkers who rely on these plans are enrolled through employers, as individuals, or through government sponsored programs — Medicaid Managed Care, Child Health Plus — and through New York's exchange, the NY State of Health (NYSOH).

Our member health plans have long partnered with the state in achieving its health care goals. These partnerships include collaborating on efforts to develop affordable coverage options for individuals, families and small businesses, providing access to care that exceeds national quality benchmarks for both commercial and government program enrollees, and improving access to quality care in its government programs.

We appreciate the opportunity to offer our view on the proposed 2021 Executive Budget in relation to its application for health care spending in New York.

## ADDRESSING THE MEDICAID DEFICIT

HPA recognizes the significant budget difficulties New York faces this year. The bulk of the state's current and anticipated deficit can be attributed to a major deficit in the Medicaid program. The gap we are facing in Medicaid should not be a surprise to any of us. While it is easy to blame surging health care costs—and to be clear, the underlying costs of health care such as provider and pharmaceutical prices are indeed continuing to rise — a number of other factors have contributed to the spiraling Medicaid spending. These include the minimum

However, we believe the "100% increase within a year" threshold to trigger an investigation is much too high. Patients should not have to wait until a drug price doubles before the increase is questioned. Moreover, setting the threshold at 100% will only encourage manufacturers to impose lower –but still exorbitant – increases that stay below 100%. HPA supports efforts to provide greater information to consumers about prescription costs including requiring manufacturers to justify price hikes and to require an "early warning" process to alert consumers when prices are proposed to increase.

- **Various "Consumer Protections"** — Part J of the Health and Mental Hygiene Article VII bill spells out numerous statutory changes aimed at "administration simplification" measures. These include prohibitions on administrative denials; changes to requirements for utilization review and increased prompt pay penalties; and shortened utilization review time frames for certain services, among others. While we recognize the value of appropriate administrative simplification, the majority of the proposals do little to improve patient care. We believe a number of the so-called issues the provisions seek to address can be achieved without statutory intervention. For example, the Governor has proposed a health care administrative work group to study and evaluate mechanisms such as standardization, simplification of claims submission and payment, preauthorization, provider credentialing and eligibility verification. Rather than adopting broad policy proposals without any data to support their necessity or impact, it would be more appropriate to have the workgroup charged with examining these issues develop non-statutory solutions that balance the goal of streamlining administrative processes without increasing costs.

- **Expanded Department of Financial Services (DFS) Authority and Penalties** — The proposed budget greatly expands authority for DFS to increase penalties. One provision would allow the Department to increase some penalties from $1,000 per offense to

$10,000. Another would increase the penalties for certain violations of the Financial Services Law from $5K per violation to the greater of $5K per offense or two times the aggregate damages or economic gain attributable to the offense. Similar to proposals in previous years — which were rejected — the provisions lack any safeguards, criteria and standards or adequate due process procedures to protect health plans that would be subject to fines. At current fine levels, plans are already incurring fines totaling hundreds of thousands and in some cases millions of dollars for technical or paper violations. (It is worth noting that New York State law permits the Department of Health a maximum fine of a few thousand dollars per violation for hospital violations that could risk patient safety and/or cause death.)

## CONCLUSION

As we said at the outset, we recognize the significant budget difficulties New York is facing as it works to bridge a multi-billion dollar deficit. As you work to erase the gap and initiate reforms to prevent a future gap, we urge you to remain focused on efforts that look to expand access to services and care or work to reform the delivery system to protect the coverage and services that millions of New Yorkers currently have and rely upon.

HPA and its member plans are proud of the role they continue to play in helping New York improve access to affordable health coverage and quality of care for its residents. Plans remain committed to working with you and your colleagues on initiatives and strategies that help ensure New York individuals, families and business continue to have access to high-quality, affordable health insurance.

We thank you for the opportunity to share our views today.