

SGGAssociates

Strategic Advisors & Partners

November 21, 2013

Ms. Kristin Sinclair
Committee Director
Senate Health Committee
Senator Kemp Hannon, Chair

Dear Kristin,

Thank you for the invitation to participate in the Senate hearings into the implementation of the new Affordable Health Care Act.

While I am unable to provide testimony in person at the hearings due to a business conflict, I am eager to share my experiences and learnings with the new system with the Senate.

Detailed below is a summary of these experiences and learnings:

I have owned and operated a Management Consulting practice and LLC in partnership with my wife after spending decades in corporate life as an executive with firms such as American Express and Bloomingdales. When we initiated our business, we sought the best possible medical insurance coverage possible. We were able to largely replicate the type of insurance plan that we held while in corporate life with a policy from Oxford. This plan, which was classified as a "sole proprietor" plan was tailored for individuals like us who operate small businesses, whether they are consulting practices, legal practices, or creative agencies. We specifically sought a plan that had an "out of network" option. This option enables us to utilize either the "in network" doctors and facilities in the Oxford / United Health Care network, or, to use doctors who were no longer participating in the networks. Over time, most of our doctors have indeed dropped out of these networks; we have developed relationships with these doctors over the course of decades.

We pay approximately \$1,800 per month for this coverage.

In November, Oxford cancelled our policy, and advised that they would be terminating all Sole Proprietor coverage. We quickly turned to our Insurance Agent for guidance. Her firm, which has been in business for decades, are experts in multiple forms of commercial insurance, medical insurance and personal insurance, had been blindsided. They were not advised in advance by Oxford / United Health Care that they were cancelling my policy, or those of their other clients. I was advised that I would now have to turn to the Exchange for a policy.

Since I had significant business experience in "test driving" new websites, I plunged into the opportunity to try out the Exchange as soon as it opened.

I used the "slider" on the site to apply for a Platinum policy, assuming that it would provide options most similar to my current policy. I was initially pleasantly surprised to see numerous options. Then I started to read the details of the policies that were submitted for my review. Policies with children.. I didn't ask for that.. policies with dental.. I didn't ask for that either. I used the hospital "filter".. it didn't work. It asked me for financial information. I didn't need a subsidy.

I then noticed that none of the options included an "out of network" component; that these were all essentially HMO's. Impossible, I thought.. these are "Platinum" plans.

I tried to reach the Exchange Call Center. And, while I was able to get through, I was unable to actually get an answer about the availability of "out of network" options.

SGGAssociates

Strategic Advisors & Partners

I then personally called every insurance company on the Exchange directly (including, among others United Health Care/Oxford, Empire Blue Cross, Emblem Health)

- o All of them confirmed that they no longer offer Out of Network options for "Individuals"

I decided to try the "Navigator" route. I signed up to speak directly with a "Navigator"... they will be very helpful, I was told.

While this individual was very pleasant, he could not answer questions about which hospitals were actually participating in these networks; he could not answer questions about obtaining a plan with an out of network component.

I decided to go "direct"; I contacted the "on line" brokerages like Go Health, and eHealthInsurance.com, who have been in business for many years, and had relationships with a broad array of carriers in New York. A "one stop shop" of insurance information. They were indeed very, very knowledgeable, and very helpful. However, they had not even received complete information about the policies that they could write from the carriers that they represented. Note.. this is AFTER, the Exchange launched.

In early November, just as all of the Obama Care news was breaking, and the Exchanges were launching, WINS1010 Radio and TD Bank sponsored their annual Small Business Breakfast in New York City. The focus of this Conference was the new Health Care Act, and the implications to small business.

There were hundreds of small business people in attendance, along with representatives of NY State, and the Federal Government on the panel. During the question period, I asked why there were no "out of network" options to these plans, and why we were being herded into HMO's.

They could not answer my questions succinctly, other than to cite some "scripted" about how beneficial this would be to the public, and how "this is the price society pays" to get universal health care (a direct quote).

After, I was swarmed by dozens of other Small Business executives who thanked me for asking these questions, and who indicated that they were in the same predicament.

KEY HOSPITALS

I decided to start calling key hospitals such as Memorial Sloan Kettering in New York City to learn whether they would participate in the plans being offered on the Exchange. I spoke directly with the Finance Director at Memorial in November. She advised that there were NOT participating in any of the Exchange Plans. And, that since they were classified as a "specialty" hospital, they could not participate. I was floored by this. We like probably so many of you, have friends and family whose lives have been saved in so called "specialty" medical centers.

Fast forward, a few weeks ago, Memorial Sloan Kettering called me back to report that they would now participate in Oscar (a "catastrophic coverage plan" sponsored by NY State) and in Health Republic, a "non-profit" health care system. But, not any other plans. When I went back on the exchange to inquire about Health Republic, the system showed that Health Republic was now a participating plan, but no details were offered about the plan because it was so new.

SGGAssociates

Strategic Advisors & Partners

To take this a step further, I started outreach to all of my key legislative representatives on this issue: Senator Schumer's legislative director, Congresswoman Clarke's Chief of Staff (Shelley Davis), Senator Gulden's Chief of Staff (Gerry Kassar), Senator Felder's Chief of Staff (Gerald McClelland) who referred me to you, Assemblywoman Helen Weinstein... All of them have been surprised by some of these nuances that I am describing, but NO ONE, has a comprehensive and holistic answer about why I cannot get a policy with an "out of network" option, and why I am only relegated to HMO-like policies.

HMOs and Out of Network

For those curious about "What's so bad" about HMO's? And, why "Out of Network". Simply stated, this is a matter of choice, but also a matter of experience. We have had numerous experiences with friends and family members who simply could not get to doctors of their choice within reasonable periods of time when they were in HMO's. Certainly, many of the best hospitals are not participating in these plans. And, for sure, legions of the best doctors have left these networks. Recently, I tried to get to an "in network" dermatologist with a family referral. A two month wait. A family friend who needs to have a colonoscopy to follow up a suspicious test outcome... 3 month wait.

And, if you are on an HMO, and you try to use an "out of network" hospital, you will be paying "rack rates" rather than plan negotiated rates. This could be financially catastrophic.

As a personal example, a relative was admitted on an emergency basis to a Westchester hospital. A one night / two day stay... the bill.. over \$30,000! Fortunately, they had "out of network" coverage and could recover most of their costs.

The Outcomes

- My New Plan – I still don't know what plan I will be using. While my plan is cancelled, I still have a few months to make a decision through the plan "renewal" date. I still can't straight answers about which doctors, hospitals are in which networks.
- We can no longer utilize our own physicians and specialists without paying completely out of pocket.. a financial burden, for sure.
- If there is a dramatic illness in my family (heaven forbid), then we might be relegated to alternative hospitals, without the potential option of using key specialized hospitals or doctors (Sloan Kettering,) etc. without incurring financially catastrophic bills.

While the platform of the Affordable Care Act does contain important elements (elimination of pre-existing conditions, etc), those of us who are successful Small, Independent Businesses and Professionals are suddenly being thrust into a precarious and potentially life-threatening and financially crippling situations by virtue of the medical insurance that we can't even buy at any price.

The promises made "that we can keep our insurance if we like our insurance" turned out to be simply not true; compounded by a NY State decision not to allow temporary extensions to plans like ours. (Why?)

Finally, the tremendous distraction to our businesses as are forced to solving this issue for our businesses and family, versus actually generating income is appalling and draining.

SGGAssociates
Strategic Advisors & Partners

I look forward to the solutions that might be developed here in the Senate.

Respectfully submitted,

Steve Goldberg
718-551-4260
Sgg2301@aol.com