

On behalf of the New York State Conference of Blue Cross and Blue Shield Plans, we appreciate the opportunity to comment on the impact of the COVID-19 pandemic on our small business partners, who are frequently the forgotten and most vulnerable stakeholders in the health care marketplace. It was recommended by Chairman Cahill that we submit written testimony in lieu of in-person testimony in the interest of time, but are available for any additional questions or discussions.

Since the outset of this national crisis, New York's Blue Cross and Blue Shield Plans have been doing their part in assisting our small businesses and membership overall in managing COVID related coverage issues ensuring that patients have access to needed care, and assisting them during the economic and business crisis, as most small businesses have been dramatically impacted by the "Pause" in the economy. In this regard, we have taken a number of important steps to help our members. A partial list of our actions includes:

- Waiving cost-sharing for COVID-19 testing and waiving cost-sharing for treatment related to coronavirus;
- Eliminating cost-sharing for telehealth services, which has helped to facilitate care for the many New Yorkers who are at home and still need care;
- Suspending preauthorization and notification requirements for inpatient hospital services and foregoing retroactive review of COVID-19 testing and treatment;
- Establishing multi-month premium deferrals for employers and consumers to provide flexibility to our members and advising individuals of available options to help them maintain coverage; and
- Assisting small businesses in gaining access to the various federal financial assistance programs, including the Paycheck Protection Program.

At a time when New Yorkers are concerned about becoming infected, with thousands currently out of work and others facing the possibility of losing their jobs, health plans need to ensure that our members can depend on their coverage to protect their health and financial security. By covering more costs for patients, we have tried to alleviate concerns from providers about patient reimbursement, collection, or bad debt.

Further, we have supported the broad range of steps that the federal government has taken to support the financial stability of providers and mitigate the economic damage the pandemic has inflicted on doctors and other providers. This has included significant funding for several loan programs intended to provide liquidity to businesses, including physician practices, made available through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, as well as some additional tax provisions intended to assist physicians immediately. Federal actions also have included a repeal of the 2 percent sequestration cuts to Medicare payments and an expansion of Medicare's advance payment program. The most recent stimulus package that Congress is expected to approve this week includes \$320 billion in additional funding for the Paycheck Protection Program and \$60 billion in funding for Economic Injury Disaster Loans, both of which are available to assist physician practices, as well as \$75 billion in funding for hospitals and health systems.

Unfortunately, what has been missing in the federal relief efforts to date is direct funding necessary to stabilize coverage for employers and individuals who purchase their own insurance. We have actively supported funding for small businesses in meeting

We understand the incredible strain that this pandemic is placing on our entire health care system, and health plans have not been immune. This pandemic has destabilized our nation's economy with historic unemployment rates. With so many businesses at risk, more companies and more workers are struggling to afford their current

coverage. Although many New York employers want to maintain their employment levels, it has become increasingly more difficult. For those who retain their employees, many are struggling to pay their employees' health insurance premiums. New York's health plans have been working to give their employer customers and individual members financial flexibility and additional time to make premium payments. However, forbearance of premium collection is a substantial impediment to the management of our own cash flow.

As the economic crisis persists, we cannot be certain how many businesses will maintain coverage or furlough workers. Already employers have been forced to remove individuals from their health plan coverage, leaving hundreds of thousands of health plan members alone to navigate COBRA or safety net programs like Medicaid and the Essential Plan. While we do not know the full impact, health plans are bracing for precipitous drops in their memberships.

The losses in premium revenues coupled with the downturn of the financial markets has had a negative impact on health plan reserves. The continued volatility of the financial markets, combined with the uncertainty of predictable premium income from the economic crisis, will challenge many health plans' ability to maintain adequate reserves and sufficient solvency levels. In addition to premium income, health plans rely on a conservative investment portfolio to ensure that statutory and risk based capital reserve requirements are met. Health plans need to properly manage their reserves to pay for care. The ability to maintain adequate reserves to meet the needs of our members continues to be our highest priority.

Plans also are bracing for an extraordinary increase in costs related to treating patients with COVID-19, which has been estimated at \$250-\$500 billion nationally. Uncertainty surrounds the timing of this spike as well as its duration. Maintaining the necessary resources to cover these costs for the businesses, families, and individuals we serve is paramount to provide New Yorkers with the peace of mind that their coverage will be there when they need it.

Despite the challenging and uncertain times in health care financing and delivery, we have been working with our customers on the fiscal challenges they are facing, including providing assistance where feasible and appropriate. However, given the intense pressures on them from businesses, workers, providers and state government, health plans are unable to make blanket premium forgiveness for all of our customers.

These are unprecedented circumstances for every segment of the health care system with the entire industry facing significant financial pressures. As our collective focus remains on doing everything we can to protect the health and safety of all New Yorkers, we stand ready to work with the Legislature and other stakeholders to ensure that we strengthen the health care system and sources of coverage we have today.

Thanks you again for the opportunity to offer these comments. We are committed to collaborating with the Legislature to ensure that our small business community is provided access to high quality and affordable health care coverage.

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