American Cancer Society ❧ Children's Defense Fund-New York ❧ Community Service Society of New York
Empire Justice Center ❧ Institute for Puerto Rican and Hispanic Elderly
Make the Road New York ❧ Medicare Rights Center
Metro New York Health Care for All Campaign ❧ New Yorkers for Accessible Health Coverage ❧
New York Immigration Coalition ❧ Project CHARGE
Public Policy and Education Fund of New York/Citizen Action of New York
Raising Women's Voices-New York ❧ Schuyler Center for Analysis and Advocacy ❧ Small Business Majority

February 22, 2015

Mr. Benjamin M. Lawsky
Superintendent
NYS Department of Financial Services
One State Street
New York, NY 10004

Mr. Troy Oechsner
Deputy Superintendent for Health
NYS Department of Financial Services
One Commerce Plaza
Albany, NY 12257

RE: Expansion of New York's Small Group Market to 100

Dear Superintendent Lawsky and Deputy Superintendent Oechsner.

We write to urge New York State to maintain its current course to expand the small group market to include groups with members between 50 and 100 and retain the State's current prohibition on stop-loss coverage for the small group market.

We understand that the State is considering a proposal that would permit group health plans in the 50-100 employee market to maintain their existing plans after January 1, 2016. As you know, HCFANY has long advocated for a merged market of individuals, small employers and larger employers up to 100 employees in a single risk pool, as such a merger would most equitably distribute the risk of high health expenses among individual purchasers, sole proprietors, and small and medium sized businesses. The health premiums New York consumers and employers pay should not be based on an artificial division of the market into segments based on employment status or the size of the employer.

HCFANY's commitment to equitable distribution of health costs leads it to oppose the proposal to provide an extended transition period for companies in the 50 to 100 employee market. Employers and health plans have known of the impending change in market size for years and have had more than enough time to prepare for the inevitable transition. Importantly, at a time when premiums for small groups (under 50 employees) potentially face sharp premium increases, permitting larger groups with high health costs to enter the community rated pool, while allowing those larger employers with lower risk profiles and premiums to keep their current plans, creates an unfair adverse selection problem that will additionally stress the small

Health Care For All New York
c/o Elisabeth Ryden Benjamin, Community Service Society of New York
105 E. 22nd Street, New York, New York 10010
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group market. A market expansion that brings only high cost employers into the small group market would be disruptive and would place an unfair burden on small groups.

For the same reason, we also oppose the repeal of the current prohibition on writing of stop loss coverage for self-insured plans in the small group market. Allowing plans with better health profiles to buy stop loss coverage would permit them to opt out of the community rated market and would lead over time to the existence of a small residual group of high risk employers in the community rated pool. A community rated pool without the participation of the full spectrum of the community is ultimately unsustainable and leads to market death spirals.

We appreciate your consideration of our comments regarding this issue. If you have any questions, please contact Mark Scherzer at mark.scherzer@verizon.net or at (212) 406-9606, or Elisabeth Benjamin at ebenjamin@cssny.org at (212) 614-5541.

Very truly yours,

Mark Scherzer, JD
Legislative Counsel
New Yorkers for Accessible Health Coverage

Elisabeth R. Benjamin, MSPH, JD
Vice President, Health Initiatives
Community Service Society of New York