



For Immediate Release: August 9, 2019

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NEW YORK DEPARTMENT OF FINANCIAL SERVICES REDUCES INDIVIDUAL MARKET RATE INCREASES BY 26 PERCENT

Albany, NY – Health Care for All New York (HCFANY), a statewide coalition of over 170 consumer advocacy organizations, applauds Governor Cuomo and the Department of Financial Services (the Department) for their tremendous efforts to make health insurance affordable for New Yorkers in light of their 26 percent reduction of insurers’ requests for individual market premium increases. The 6.8 percent increase approved by the Department is the smallest increase since 2015. Requested increases for small business plans were reduced by 35 percent.

The prior approval process is one of New York’s strongest tools for controlling health insurance premiums. The Department’s stalwart commitment to making the prior approval process transparent gives New York consumers a powerful opportunity to raise their voices against unfair rate hikes.

"We New Yorkers are lucky to have an active Department of Financial Services that is using all its tools in the toolbox to reduce the carriers’ requested rate increases by 26 percent," said Elisabeth Benjamin, Vice President of Health Initiatives at Community Service Society of New York, "But the time has come for the State to develop some new tools to address our affordability crisis including premium subsidies and price controls that force providers to set reasonable prices."

Bob Cohen, Policy Director at Citizen Action of New York and the Public Policy and Education Fund of New York, said "Insurance regulations can only go so far towards controlling health care costs without additional measures to address provider prices. The Department’s efforts on behalf of New York’s consumers are commendable, and New Yorkers deserve such strong action across the entire health care system."

Prior approval allows the Department to lower insurers’ requests in response to aspects of the applications that are within the insurers’ control – for example, excessive administrative costs. But some factors that contribute to high insurance premiums are out of insurers’ control. Research released just last week shows that growth in prices is the main reason premiums go up in New York, especially growth in inpatient prices related to hospital consolidation.ⁱ Market consolidation combined with an utter lack of price transparency means that insurers’ have been unable to fulfill their role in negotiating the best prices on behalf of members. As a result, even New Yorkers with health insurance report being unable to access health care when they need it.ⁱⁱ New Yorkers are ready to hold providers accountable for high health care prices along with insurers.



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HCFANY recommends following actions to help New Yorkers afford health care and constrain growth in health care prices:

- Federal premium subsidies do not stretch far enough. New York State should provide additional subsidies so that insured New Yorkers have enough room left in their budget to get health care after paying insurance premiums. Premium subsidies would also attract more New Yorkers to the individual market which would result in lowered premiums.
- New York State should create a pharmacy cost commission like other states have done to better regulate pharmaceutical costs.
- The Department should set one standard medical trend that all insurers must follow. New York insurers claim that medical trend in New York is higher than every other expert prediction year after year; a standard medical trend would provide a cap on the price negotiations between insurers and providers.

ⁱ Health Care Cost Institute and the New York State Health Foundation, “Health Care Spending, Prices, and Utilization for Employer-Sponsored Insurance in New York,” July 2019, <https://nyshealthfoundation.org/resource/health-care-spending-prices-and-utilization-for-employer-sponsored-insurance-in-new-york/>

ⁱⁱ Altarum Healthcare Value Hub, “New Yorkers Struggle to Afford High Healthcare Costs; Support a Range of Government Solutions Across Party Lines,” March 2019, <https://www.slideshare.net/CSSNYorg/hub-altarum-data-brief-no-37-new-york-healthcare-affordability-134957974>.