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The following statement is attributable to Deborah Fasser on behalf of the New York State Conference of Blue Cross and Blue Shield Plans:

On the demise of Health Republic: “The demise of Health Republic is primarily attributable to the most basic of insurance functions: maintaining adequate premiums necessary to pay claims. The company failed to propose premiums which covered the cost of claims and the state’s prior approval process did not ensure that premium increases were adequate to protect consumers from the company’s insolvency. The Health Republic premiums approved by the state were unsustainable, if not irrational.”

On steps necessary to prevent it from happening again: “The solution is to reform the rate approval process to add objective factors which guarantee that premiums are adequate and consumers are protected. Adequate premiums, combined with the enforcement of the required minimum reserves, will prevent another Health Republic.

A guaranty fund is not an equitable solution: it is nothing more than an after the fact tax on consumers who purchase coverage. The result of a guaranty fund will be increased premiums for New Yorkers in order to pay large hospital systems and let those responsible off the hook.”

The New York State Conference of Blue Cross and Blue Shield Plans (NYSCOP) is a partnership of Rochester-based Excellus Blue Cross Blue Shield and New York City-based Empire Blue Cross Blue Shield. Together, the two health insurance plans provide comprehensive health coverage for millions of New Yorkers and are dedicated to educating the public through in-depth research and analysis of the cost, access and quality of health care.

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