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May 20, 2019

RE: AN ACT to amend the insurance law, in relation to prohibiting co-payments for treatment at an opioid treatment program

A972 (Rosenthal)
S4643 (Harckham)

MEMORANDUM IN OPPOSITION

Submitted on behalf of the Blue Cross and Blue Shield Plans

The New York State Conference of Blue Cross and Blue Shields Plans supports the underlying goal of this Bill, but opposes the limitations imposed on insurers. Specifically, this Bill prohibits insurers from applying a copayment for treatment that an enrollee receives at an opioid treatment program (OTP). This apparent “consume friendly” change would limit the ability of insurers to effectively use cost-sharing policies, resulting in increased costs for health plans and businesses.

The use of copayments is a necessary component of the health insurance industry. Copayments represent a portion of the actual cost of the medical service. By prohibiting the use of copayments for a specific service, this legislation would limit the ability of health insurers to effectively manage and plan for enrollee utilization of covered services. As a result, this Bill’s mandate would lead to increased health insurance premiums across all lines of health insurance, including individual and small-group health plans.

This will have the most significant impact on the lowest-cost plans, which have low premiums but higher cost-sharing. While the Bill lowers the cost-sharing for the patients in these plans for the specified services, the insurer must make up the difference to pay for the total cost of the service. Increased costs cannot simply be absorbed by the insurer, especially insurers already operating in accordance with the federal Medical Loss Ratio, and this Bill, if enacted, would result in increased premiums in these plans.

This legislation establishes the dangerous precedent of the State dictating copayments applied to covered medical services. It would establish a troubling precedent in New York by opening the door for legislators to limit co-payments on any type of service they wish to make cheaper for New York residents. However, we know that this is not the way to reduce the cost of health care in New York. This Bill, and subsequent attempts to limit copayments on additional covered services deemed noteworthy, would drive premiums higher in New York.

While well intended, this legislation would increase costs for health insurers and businesses that self-insure, ultimately resulting in higher premiums across the State. For the foregoing reasons, the Blue Cross and Blue Shield Plans urge that this Bill not be enacted.

Respectfully submitted,

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Legislative Counsel for the Blue Cross and Blue Shield Plans of New York

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