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January 18, 2024

RE: AN ACT to amend the public health law and the insurance law, in relation to health care professional applications and terminations

A.1777 (Lavine)
S.3282 (Rivera)

MEMORANDUM IN OPPOSITION

Submitted on behalf of the New York Blue Cross and Blue Shield Plans

The New York State Conference of Blue Cross and Blue Shield Plans strongly opposes enactment of this bill, which would expand the "tenure" rights of providers terminated or nonrenewed from provider networks. This bill would decrease the efficiency of provider networks by increasing the costs of providing services through a provider network, and by lowering the quality of medical care delivered to New Yorkers enrolled in health plans.

This legislation will restrict the flexibility of health plans to maintain their provider networks, which will both inhibit the health plans' ability to control costs and decrease the overall quality of care delivered by the network. Limiting a health plan from removing unqualified, inefficient, or inadequate providers curtails the plan's ability to attract and enroll more qualified practitioners.

For example, a health plan may wish to remove a provider who has a demonstrated track record of subpar quality and replace such individual with a more qualified provider with better credentials, more experience, and a history of improving patient care. This bill would make it far more difficult for the health plan to remove the first provider, thus preventing the network from adding the provider with superior credentials. As a result, this bill limits the health plan's ability to improve the quality of its network by removing providers who are less qualified and adding more qualified providers. In this manner, the network would fall far short of its potential for delivering the best care to its enrollees.

Likewise, the reason a provider will not be renewed for network participation is frequently due to their desire for an increase in reimbursement. By subjecting reimbursement disputes to a third-party arbitration panel, this legislation will ultimately drive up the cost of coverage. As both New

York and the nation continue to struggle with the underlying rising costs of health care, this legislation is a pathway to exacerbate that issue.

Part of the success health plans have had in managing health care costs is due to their ability to select highly qualified providers who will deliver efficient, quality care in exchange for participation in their provider network. The flexibility of the health plan in making such determinations is crucial to maintaining a network that controls costs without compromising the quality of patient care.

The bill would also result in additional administrative expenses incurred by a health plan when seeking to remove a provider. These increased expenses are due to the greatly expanded types of cases subject to administrative review and the expansion the termination procedure itself. The combined effect of these provisions will make the termination process longer, more complicated, and more expensive. These costs, like any other costs incurred by health plans, will ultimately be passed along to consumers in the form of higher health insurance premiums.

For the foregoing reasons, the Blue Cross and Blue Shield Plans opposes this bill and urges that it not be enacted.

Respectfully submitted,

HINMAN STRAUB ADVISORS, LLC
Legislative Counsel to the New York Blue Cross and Blue Shield Plan

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