



March 8, 2010

The undersigned organizations represent small business purchasers of health insurance. We write to advise you of our opposition to the Governor's Article VII bill, S. 6608/A. 9708, Part D, which would reinstitute prior approval by the Insurance Department of health insurance rates in New York's community rated markets.

We ask the Legislature to dismiss any consideration of this language as part of the budget making process, and make a commitment to work with stakeholders in the program session to identify *meaningful* health insurance premium relief for small businesses across New York State.

This small business community rated segment of the health insurance market in New York is broken – and "selling" more regulation as the solution to premium relief is not the solution small businesses are seeking or deserve. New Yorkers have suffered under prior approval before and there is a litany of data to document that this level of insurance regulation did not work.

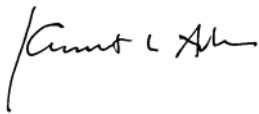
This budget language will limit competition, not expand it. Reinstatement of prior approval will cause more rate uncertainty solely related to the mere process of approving rates, having nothing to do with utilization and coverage options; and it will limit health insurance product diversity.

Government actions such as the \$4.2 billion in health insurance taxes, including \$700 million in new and increased taxes passed as part of last year's state budget, along with the increasing number of insurance mandates continue to add unnecessary and burdensome costs on health insurance premiums. Reinstatement of prior approval will merely be one more line on a growing list of "add on" costs to health insurance premiums.

Reforms to the system are needed, especially when the biggest factor driving up premiums is the increasing cost of care – driven by how much doctors are paid and how many services they provide. If lower premiums are the goal – and we can agree that that is the goal – then let's not masquerade premium relief in the guise of rate regulation. We believe the Legislature – and small businesses -- are smart enough to know that artificially suppressing rates is not a viable long-term plan to contain the increases in premiums.

We ask that you reject the prior approval budget language and make a commitment to identifying real rate relief options in terms of coverage mandate relief and health insurance tax decreases, which can return some level of viability to the employer-sponsored, small business market in New York State.

Sincerely,



Kenneth Adams
President and CEO
The Business Council
of New York State, Inc.



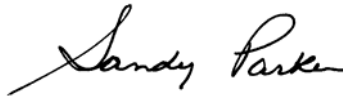
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