



CONTACT: Amy Allen
The Westchester County Association, Inc.
(914) 948-1168
aallen@westchester.org

For Immediate Release

Westchester County Association Applauds Governor's Signing of Healthcare Reform Legislation to Restore "Prior Approval" Authority to the Insurance Department

*WCA Blue Ribbon Task Force Has Advocated for
This Reform Since 2005*

WHITE PLAINS, NY (June 11, 2010) The Westchester County Association—the area's leading business advocacy membership organization—said today that a major health insurance reform measure it has long advocated, which was signed into law by Governor Paterson, will significantly benefit businesses and consumers. The legislation reinstates the New York State Insurance Department's authority to review and approve health insurance premium increases before they take effect.

WCA President William Mooney noted, "We agree with Governor Paterson that stronger oversight of rate increases benefit New York's individuals and small businesses and will also provide the tools necessary to make sure federal health care reform is implemented in a fair and efficient manner. " Mooney added, "Since 2005, one of the cornerstones of our Blue Ribbon Task force reform agenda has been the reinstatement of prior approval of health insurance premium increases. Stronger oversight of rate increases will benefit New York's

individuals and small businesses as evidenced by the \$50 million settlement Oxford the Blue Ribbon Task force helped broker in 2008.”

Since 2000, New York had regulated health insurance premiums under a "file and use" law that significantly limited the State's ability to disapprove health insurance premium increases and allowed the insurance industry to self-regulate. In addition, the legislation will immediately require health insurers and HMOs to spend more of every premium dollar they collect on medical claims. In particular, the legislation raises the "medical loss ratio" - the percentage of premium spent to provide medical care - from 75 percent to 82 percent for small businesses and from 80 percent to 82 percent for individuals.

Mooney noted, “We hope that the State Insurance Department will hold insurers to the medical loss ratio requirements and will be vigilant about what goes into the HMOs’ definition of medical costs.”

The WCA has also weighed in on the discussion of Medical Loss Ratio (MLR) definition at the federal level and supports any regulations implementing new MLR provisions should ensure that the allocation of costs incorporates the following three principles:

- only payments to licensed professionals and entities that deliver health care services should be classified as health care services;
- costs and expenses that are classified as activities that improve health care quality need to meet specific criteria; and
- loss adjustment activities should be counted as administrative costs because they do not provide health care services or improve quality.

In 2005, the WCA’s Blue Ribbon Task Force began its investigation into HMO practices and its impact on one of the key economic drivers of our region, the healthcare infrastructure. Together, with the Suburban Health Care Alliance it helped to create, the WCA was instrumental in passing legislation to mandate market conduct changes that were signed into law successively in 2006 and 2007 by Governors Pataki and Spitzer.

Al DelBello, WCA Chair and a member of the Blue Ribbon Task Force, stated: “The reform agenda of the Blue Ribbon Task Force is critical to the future economic vitality of the region and the state. We need our legislators to step up to the plate and end the unfair market dominance of health insurers over business and health care providers. We are pleased that the Governor also recognizes the need to restore the tools to better monitor and manage the marketplace for health insurance rates. The reinstatement of prior approval will help accomplish that.”

The Westchester County Association (www.westchester.org) is the preeminent business membership organization in Westchester County. The Association is committed to business advocacy, economic vitality and to providing a strong and clear voice for the

interests of businesses on the regional, national and international levels. Its key objectives are: promoting positive economic development in the region; fostering business development; and providing its members with access and interaction with key public and private sector individuals, agencies and organizations.