



*Representing the advocacy interests
of hospitals and health systems on Long Island and in the Hudson Valley*

SUPPORT

MEMORANDUM

May 24, 2018

TO: Members, Long Island Delegation of the New York State Senate
Members, Hudson Valley Delegation of the New York State Senate

FROM: Kevin W. Dahill, President and CEO

RE: S.8316 (Valesky) — In Senate Insurance Committee
A.4328 (Gottfried) — In Assembly Insurance Committee

S.8316/A.4328 would amend insurance law and state finance laws to establish a health insurance guaranty fund, otherwise referred to as the New York Health Insurance Consumer Protection Security fund. The bill addresses the critical need to protect consumers and providers when a health insurer fails to meet its contractual obligations due to financial impairment or insolvency. **The Suburban Hospital Alliance of New York State strongly supports this bill.**

New York is the only state that does not have a health insurance guaranty fund. When many of the co-op health plans in other states that were authorized by the Affordable Care Act failed in 2015 and 2016, guaranty funds were instrumental in protecting consumers and providers. In the absence of such a mechanism, providers are left three years later with nearly \$200 million in outstanding claims for services provided. Nearly 70 percent of Health Republic subscribers were from the Hudson Valley and Long Island, so Suburban Alliance hospitals were especially hard hit by the plan's collapse.

The guaranty fund, as proposed, is not an ongoing tax on insurers or consumers; it only would be financed in the event of plan insolvency. If a plan that is at risk of insolvency recovers, plans would be reimbursed for any assessments that they paid into the struggling entity.

The guaranty fund protects consumers by establishing a mechanism to provide coverage for medical costs if their insurer were to become insolvent and protects providers from losses that result from any future health plan insolvency. Consumers and providers deserve assurance that they will not be left unprotected due to the inability of a health plan to fulfill its contractual obligations.

For the reasons cited above, the Suburban Hospital Alliance urges your support for S.8316/A.4328.