



Testimony

of

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on

**Increasing Access to Health Insurance Coverage and
Moving Toward Universal Healthcare Coverage**

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Good morning. My name is Dean Mohs. I am the Executive Director of Brooklyn HealthWorks, a health insurance program created and operated for small businesses in Brooklyn by the Brooklyn Chamber of Commerce in partnership with the New York State Department of Insurance and the plan's insurance carrier, Group Health, Inc. (GHI). Thank you for this opportunity to share with you the Chamber's experience with Brooklyn HealthWorks. We believe what we have done in Brooklyn can be instructive to the Governor's desire to expand access to affordable health insurance for small businesses and his larger goal of universal coverage for all New Yorkers.

The crisis of the uninsured is a huge problem in Brooklyn and throughout New York City. Based on data provided by the Office of Citywide Health Insurance Access, there are as many as 220,000 uninsured children and as many as 1.2 million uninsured adults in New York City. On average, 18 percent of Brooklyn's 2.5 million residents are uninsured, ranging from 11 percent in Bensonhurst/Bay Ridge to 30 percent in Sunset Park (2004 Community Health Survey, New York City Department of Health and Mental Hygiene). Most uninsured adults are low-wage workers employed by one of the City's small businesses. In addition, many of the uninsured are non-standard workers, e.g., part-time, temporary, and 1099 (contract) workers.

Since its inception three years ago, Brooklyn HealthWorks has successfully enrolled more than 1,000 workers and their dependents. The program currently provides low-cost coverage to 138 small businesses throughout Brooklyn, from a metal fabricator in Greenpoint, and a dog kennel in Park Slope, to a construction company in Coney Island, and an animation film studio located near the Brooklyn Navy Yard.

The idea of Brooklyn HealthWorks began more than eight years ago in response to the outcry of Brooklyn Chamber Members who were being crushed by the escalating cost of providing health insurance to their employees. Not content to idly stand by, the Chamber launched Brooklyn

HealthWorks in April 2004. By March 2006 demand for the program outpaced available funding, and the Chamber was forced to stop enrolling additional businesses and their workers. We had a waiting list of new businesses wanting to sign up for Brooklyn HealthWorks, which ultimately grew to more than 300 businesses and included more than 1,000 Brooklyn workers and their dependents. With the leadership and support of Senator Martin J. Golden and Assemblyman Joseph R. Lentol, the Chamber secured permanent State funding and reopened enrollment last month. We're off to a great start and on track to enroll 20 new businesses and 100 additional workers and their family members each month.

The beauty of Brooklyn HealthWorks is that it builds upon the success of Healthy NY by providing a direct premium subsidy to keep the plan affordable for small businesses in Brooklyn. Our goal is to keep premiums for individual coverage to approximately \$200 per month—a price point our Subscribers feel is affordable. In addition to this direct premium subsidy, Brooklyn HealthWorks is different from traditional Healthy NY plans in the following four ways:

1. Our plan offers an optional low-cost rider that allows Subscribers to eliminate the three large inpatient co-payments that are part of Healthy NY's plan design. For an additional \$12 per month, Brooklyn HealthWorks Subscribers can eliminate these co-payments that often amount to \$700 for a typical hospital stay or delivery of a child. That's \$700 that can be put towards basic living expenses. Most (85%) Brooklyn HealthWorks Subscribers have added this inexpensive rider to their plan.
2. Unlike other Healthy NY plans, Brooklyn HealthWorks allows employees and their covered dependents to go to any doctor or specialist in GHI's extensive tri-state network without the need for a referral. Our Subscribers consistently tell us they like this freedom, and Brooklyn HealthWorks is actually cheaper than GHI's Healthy NY plan that requires referrals to see specialists.
3. Unlike most insurance plans, Brooklyn HealthWorks allows 1099 (or contract) workers to enroll in the plan. More and more businesses today employ contract workers, so having the ability to offer

benefits to these non-standard workers is an important way businesses can attract and retain the right mix of workers to compete successfully in today's marketplace.

4. Our plan does not require employers to contribute 50% or more of the monthly premiums for individual coverage. We have found that by not specifying a contribution amount, employers actually contribute more. For example, according to the most recent annual consultant's report on Healthy NY, 35% of employers offering Healthy NY currently contribute the minimum and ask workers to pay the remaining 50%. Conversely, approximately 85% of Brooklyn HealthWorks Subscribers pay the entire premium amount while no employer pays below 50%.

Based on the Chamber's experience with Brooklyn HealthWorks, we recommend improving Healthy NY and strengthening the small group health insurance market in the areas of affordability and flexible plan design and benefits.

HEALTHY NY RECOMMENDATIONS

1. Routinely adjust Healthy NY's reinsurance corridor to moderate large premium increases for small businesses.
2. Allow all insurance carriers to offer a rider that eliminates the three large Healthy NY hospital co-payments and make other optional riders available , such as:
 - expanded prescription drug coverage,
 - mental health and substance abuse treatment, and
 - coverage for dependent children through age 25 regardless of student status.

Based on how these riders are priced by insurance carriers, businesses can independently decide if they can afford the additional monthly premium based on the needs of their employees.

3. Raise Healthy NY's income eligibility criteria for individuals and small businesses—especially in the downstate region where the cost of living and doing business is higher. This change could prevent a

number of Healthy NY and Brooklyn HealthWorks Subscribers from dropping coverage each year and prevent plans from turning away businesses in the first place because employees make just over the maximum allowed.

4. Remove the requirement that employers contribute 50% or more of the monthly premium for full-time employees. In addition to eliminating a suggested contribution amount for some employers, this change will allow small businesses that cannot afford to contribute to health benefits to make Healthy NY available to employees and allow them to pay the entire premium on a pre-tax basis.
5. Allow prepaid health service providers (PHSPs) to voluntarily participate in the Healthy NY program. PHSPs are the managed care organizations that currently enroll New Yorkers into public health insurance programs, such as Family Health Plus and Child Health Plus, and routinely conduct grassroots outreach to low and moderate-income New Yorkers. This change would put PHSPs in the right place at the right time to enroll individuals into Healthy NY who do not qualify for public health insurance programs.

OTHER SMALL GROUP MARKET RECOMMENDATIONS

1. Allow more flexibility in plan design and covered benefits. Small businesses that currently provide coverage should have more health benefit choices available to them—ranging from standardized plans that include all State mandated benefits to those with more basic coverage, such as Healthy NY and Brooklyn HealthWorks. Allowing businesses to add additional benefits through plan riders is another way to allow more choice and flexible plan design without mandating the same coverage for everyone.
2. Establish a reinsurance mechanism for small group plans like the one used for Healthy NY to moderate future premium increases. This change would provide immediate relief to many small

businesses who have been doing the right thing for years and are facing the prospect of dropping coverage because they can no longer absorb double digit premium increases.

We recognize none of these recommendations address the larger problem of runaway health care costs that are driving up health insurance premiums to unsustainable levels. Successfully controlling these costs and ensuring that businesses have access to a range of affordable health insurance options is an economic development issue that impacts the overall competitiveness of businesses in New York and the ability of employers to attract and retain the best workforce possible.

The Brooklyn Chamber of Commerce and Brooklyn HealthWorks look forward to working with the State to identify ways to immediately expand access to affordable health insurance for small businesses and move us closer to universal coverage for all New Yorkers. Thank you again for the opportunity to testify today.