

Grant Outcomes Report

Exploring the Possibility of Integrating Healthy NY with HealthPass

The Problem:

Half of New York State's uninsured workers work in businesses with fewer than 25 employees or are self-employed.¹ Small businesses pay more for health insurance premiums, and their costs have grown faster than for other categories of employers by size. While some programs have increased coverage for workers in small businesses, these have generally had a dedicated funding source.²

Grant Activities & Outcomes:

HealthPass is a nonprofit initiative that offers an array of insurance plans to small businesses. In February 2008, more than 2,500 small businesses and 10,500 employees in New York received their health insurance through HealthPass.

The Plan

With a planning grant from the New York State Health Foundation's "Expanding Coverage Options in the Small Group and Individual Market in New York State" program, HealthPass analyzed the feasibility of adding Healthy NY to the HealthPass menu of insurance plans.

Healthy NY is a State-sponsored insurance plan that offers coverage to businesses with 50 or fewer employees, sole proprietors, and individuals. For those who met the income-based eligibility criteria, the State subsidizes benefits, allowing Healthy NY to offer premiums at a lower cost.

HealthPass staff believed that if Healthy NY could be brought into HealthPass, more small businesses would provide coverage to their low-income workers. HealthPass used planning funds to explore a number of issues to determine the feasibility of integrating Healthy NY into HealthPass.

¹ New York State Health Foundation Request for Proposals, released January 7, 2008. Retrieved from <http://www.nyshealthfoundation.org/userfiles/file/Small%20Group%20%20%20Individual%20Market%20RFP.pdf>, December 6, 2010.

² New York State Catholic Health Plan, Inc., proposal to the New York State Health Foundation, March 25, 2008.

KEY INFORMATION:

GRANTEE

New York Health Purchasing Alliance, Inc., doing business as HealthPass

GRANT TITLE

HealthPass-Healthy NY Integration

DATES

March 2009 to January 2010

GRANT AMOUNT

\$103,190

GRANT ID

2310292

FUNDING

Expanding Coverage Options in the Small Group and Individual Market in New York State (2008 RFP)

The Results

HealthPass:

- ▶ Worked with the State Department of Insurance to identify any statutory and regulatory issues that might hinder integration, such as enrollment, recertification, and HealthPass' authority to underwrite for Healthy NY.
- ▶ Met with an insurance carrier and a third-party administrator regarding terms of letters of agreement.
- ▶ Developed a business plan to guide decisions and a marketing plan aimed at brokers, employers, and employees.
- ▶ Conducted focus groups to ascertain the willingness of brokers to present Healthy NY to small businesses.
- ▶ Estimated sales and the number and characteristics of potentially eligible businesses.

HealthPass' planning analyses identified no immediate statutory or regulatory issues that would bar integration. It did, however, find risks associated with integrating Healthy NY into HealthPass, including:

- ▶ **DISENFRANCHISING GENERAL AGENTS.** HealthPass relies heavily on general agents and brokers to enroll businesses in their insurance products. Healthy NY does not pay commissions, so HealthPass proposed to pay an "administrative fee" to sell Healthy NY through general agents. A fee could be added within existing regulatory authority.
- ▶ **LIMITED INTEREST BY BROKERS.** Insurance brokers were concerned about Healthy NY's restrictive eligibility criteria, employer contribution criteria, and costs. The additional complexity of Healthy NY would increase the amount of time needed to explain health insurance options with all businesses, with only a select set of businesses meeting these criteria.
- ▶ **CARRIER CONCERNS ABOUT INCREASED OVERSIGHT BY REGULATORY AGENCIES.** Healthy NY is subject to more government oversight than private products.
- ▶ **FEDERAL HEALTH REFORM.** The establishment of health insurance exchanges as enacted by the Patient Protection and Affordable Care Act of 2010 introduced new circumstances related to insurance coverage and the future of the Healthy NY program.

- ▶ **OPPORTUNITY COSTS.** The analysis concluded that a sizable, dedicated marketing budget would be needed to reach and enroll a sufficient number of small businesses in the integrated Healthy NY product. The integration would also demand significant attention from the leadership team, which could strain its ability to pursue other business opportunities.

Despite these risks, HealthPass concluded, "...we anticipate that the project would introduce a new, critical audience to commercial insurance and provide a gateway to more robust insurance coverage for low-income workers and the uninsured in the future." Due to risks associated with the integration—especially the incompatibility of Healthy NY with the HealthPass business model that relies on brokers and general agents—NYSHealth and HealthPass mutually decided not to pursue a second phase project.

BACKGROUND INFORMATION:

ABOUT THE GRANTEE

HealthPass is a nonprofit initiative launched in 1998 under the guidance of the New York Business Group on Health, the City of New York, and the insurance industry. Its mission is to give small businesses greater access to quality health care and to help stem the tide of the working uninsured. Through HealthPass, small employers are able to offer more benefit options to their employees and shift administrative burdens to HealthPass. HealthPass provides an array of health insurance options to more than 2,500 small businesses in 12 counties in New York. More than 61% of the businesses were previously without coverage.

GRANTEE CONTACT

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