

## Grant Outcomes Report

### Reforming New York State's Individual Insurance Market, Phase 2

#### The Problem:

The number of New Yorkers getting health insurance via the individual market dropped from 750,000 in 1993 to less than 100,000 in 2008,<sup>1</sup> according to estimates from the Manhattan Institute. "New York's uninsured are for the most part young, childless and healthy. Yet, these populations are the ones most shut out of the private direct pay insurance market."

#### Grant Activities & Outcomes:

This is the second of two grants to the Manhattan Institute from the New York State Health Foundation's Coverage Consortium initiative. Under the first grant,<sup>2</sup> the Institute convened two conferences exploring market-based approaches to increase coverage.

Under the current grant, staff at the Institute aimed to recommend ways to offer unsubsidized insurance to adults who might buy coverage if they had affordable options.

Paul Howard, Ph.D., directed both projects. Stephen T. Parente, Ph.D. and professor at the University of Minnesota, served as a consultant to this project.

Howard and colleagues contracted with Zogby International (a polling firm) to survey 1,000 non-poor uninsured adults about their attitudes toward health insurance, willingness to pay, preferences, etc.

Zogby also convened three video-conference focus groups of uninsured New Yorkers to learn what they wanted from insurance plans, how well they understood existing options, and their reactions to plans available in nearby states.

<sup>1</sup> "Rx NY: A Prescription for More Accessible Health Care." New York: Empire Center for New York State Policy, A Project of the Manhattan Institute for Policy Research, December 2007. Retrieved from [http://www.empirecenter.org/Documents/PDF/Rx\\_11\\_07.pdf](http://www.empirecenter.org/Documents/PDF/Rx_11_07.pdf), September 1, 2010.

<sup>2</sup> "Conference on Solving the Problem of New York State's Uninsured." Available at: <http://www.nyshealthfoundation.org/content/grant/detail/663>

#### KEY INFORMATION:

**GRANTEE**

The Manhattan Institute for Policy Research, Inc.

**GRANT TITLE**

Reforming New York State's Individual Insurance Market, Phase 2

**DATES**

October 1, 2008–December 7, 2009

**GRANT AMOUNT**

\$180,295

**GRANT ID**

2520263

**FUNDING**

NYSHealth Coverage Consortium Initiative

### **Survey and focus group findings included:**

- ▶ Focus group participants indicated that steep premiums were the most important factor in deciding to go without coverage.
- ▶ Consumers were concerned about the scarcity of information about options and cost.
- ▶ "...many [respondents] were unaware that they could not buy insurance across state lines, and, when told that they could not, they became upset, even though they had not previously tried to obtain it."

Howard also convened a conference of policymakers, the media, and the public to prompt discussion on how to open the private individual insurance market in New York State. The conference was simulcast over the Internet, and the project received mention in media, including *The Wall Street Journal* and *The American Spectator*.

### **With the involvement of Dr. Parente, the Institute expanded its original scope of work to include microsimulations of four policy options. Results from these analyses included:**

- ▶ Repealing community rating and guaranteed issue would reduce the uninsured by up to 37% and would lower premiums by 42%. Community rating requires insurers to limit the variances in premiums. Guaranteed issue prohibits them from denying coverage.
- ▶ Allowing health savings accounts into the New York State market would not significantly affect the number of uninsured.
- ▶ If the State allowed New Yorkers to buy insurance sold across state lines in Connecticut and Pennsylvania, 17% to 26% (depending on market participation) would buy policies costing 25% less than similar policies offered in New York.
- ▶ Offering "mandate-lite" plans with 20–40 fewer mandates than are currently required in the New York market to people aged 18–45 could reduce the number of uninsured by from 3% to 9%, and could lower premiums by 18%.

**The report included three key recommendations:**

- ▶ Allow insurers to take account of individual health risk profiles by eliminating community rating and guaranteed issue, and allowing underwriting of premiums.
- ▶ Broaden education and outreach efforts to the uninsured.
- ▶ Create a subsidized high-risk insurance pool for chronically ill or other uninsurable residents who could not afford higher premiums in a reformed (no community rating and guaranteed issue) New York market.

**Publications:**

Parente ST and Bragdon T. *Healthier Choice: An Examination of Market-Based Reforms for New York's Uninsured*. New York: Center for Medical Progress at the Manhattan Institute, September 2009.

Available at: <http://www.nyshealthfoundation.org/content/document/detail/1950/>