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MSSNY APPLAUDS GOVERNOR PATERSON FOR ADVANCING CRITICALLY NEEDED MANAGED CARE REFORM AS PART OF BUDGET PROPOSAL

Medical Society of the State of New York President David T. Hannan, MD, today applauded Governor David Paterson for advancing legislation as part of his proposed State Budget that would restore the authority of the Insurance Department to approve proposed increases in health insurance premium rates, as well as increasing to 85% the minimum medical loss ratio for many health insurance policies.

“There is a continuing effort on the part of health insurance companies to impose unnecessary obstacles in the way of providing patient care and to substantially and unfairly constrain reimbursement for such care” stated Dr. Hannan.

“Premiums continue to go up while reimbursement remains flat or even decreases and patients struggle to gain access to needed care. Meanwhile, these companies are diverting huge resources away from the health care system to their own excessive executive salaries and huge profits. With six companies controlling nearly 80% of the commercial managed care market in New York, patients, employers and physicians have little ability to effectuate meaningful changes in their contracts with health insurance companies.”

Patients and businesses are also experiencing the adverse effect of this market domination. While the HMOs have generated billions in profits in New York State in recent years, employers and patients are shouldering much higher costs. Studies show that the premiums paid by employers have doubled over the last decade. Yet even with employers paying so much more, employees get less and less health coverage. Patients must pay more out of pocket. They are forced to switch the medications upon which they have been stabilized due to formulary changes. Their needed care and medication is unnecessarily delayed as a result of burdensome pre-approval procedures. And frequently they (with their treating providers) are forced to challenge arbitrary denials of medically necessary care.

This legislation would address these problems by increasing the medical loss ratios that health insurers must meet, as well as assuring that the Superintendent of Insurance has authority to review requests by health insurers to increase the premiums that they charge their customers.

“We are hopeful that mandating closer oversight by the Insurance Department will encourage health plans to better assure that premium dollars are spent for health care rather than administration or profit.” stated Dr. Hannan “We urge that this provision be included within the final Budget bill passed by the Legislature”.

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