

President Obama's health care reform may one day help New Yorkers, meanwhile rates soar

BY David Saltonstall
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Health care reform is a done deal, but there's one heart-stopping trend that no law has yet to fix for New Yorkers: Skyrocketing health insurance premiums.

Consider these stats: Since 2000, health care premiums in [New York](#) have risen an average of 97%, or six times faster than incomes, state Insurance Department data show.

Empire State families now pay upwards of \$24,000 per year for insurance on the open market - the highest in the [U.S.](#) - with little sign of relief.

"New Yorkers have done the math," said [Elisabeth Benjamin](#), vice president for health initiatives at the [Community Service Society](#). "And they're starting to ask how come there's a disconnect between what's in my pocketbook and what I am paying for health insurance?"

It's a gap that [Gov. Paterson](#) actually hopes to close a bit with new legislation - vehemently opposed by the powerful insurance lobby - that would require insurers to submit proposed premium hikes to the state for prior approval.

The federal health overhaul encourages states to follow a similar path, but offers little immediate relief. New insurance exchanges envisioned by [President Obama](#) as a way to create competition and drive down costs aren't expected until 2014.

New York had a similar "prior approval" law in the early '90s, and nearly a quarter of proposed rate increases were rejected by the state as too high.

But since 2000, insurers have effectively set their own rates - often resulting in annual, double-digit increases - provided they can attest to devoting 75% to 80% of their premium dollars to health care, state officials say.

Paterson would push that ratio into the 80%-to-85% range, a benchmark that also takes effect next year under the federal law.

Paterson also would require insurers to once again seek "prior approval" for rate hikes and open their now-closed books for state review. Not only that, he included the measure in his budget, a maneuver clearly designed to ensure action.

Critically, the push is now backed by Senate Majority Leader John Sampson, whose support has been a matter of significant speculation.

Not lost on legislators is that in years when many health care companies were pushing through big rate hikes - including [Aetna](#), Empire Healthcare and [Oxford](#) - they were also posting big profits.

"We are not out to hurt insurers," said [Sen. Neil Breslin \(D-Albany\)](#), chairman of the Senate Insurance Committee and a leader on the issue. "But at the same time, they have been making tremendous sums of money over the last decade."

The industry says that's misleading. They argue that insurance company profits come from many different sources, not just premium payers, and they insist that [Albany's](#) push will do nothing to control the biggest pressures on their bottom lines, which are rising taxes and medical costs.

"Reinstating prior approval would simply be government price-fixing, and it still won't get at the underlying factors," said [Leslie Moran](#), a spokeswoman for the [Health Plan Association](#), a trade association for New York's top health insurers.

For many New Yorkers struggling to pay their insurance bills, however, almost anything is worth a shot.

[Jim Shea](#), 62, a one-time computer analyst who is HIV-positive, has been covered by Oxford since 1998. In that time, he has watched his individual premium rise from \$350 to \$1,160 a month.

"They don't have to answer to anyone" under the current system, Shea said of the state's insurers. And he believes help can't arrive soon enough.

"I am at the point now," he said of his finances, "where there is just about nothing left to cut."

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