

State is tops in survey of health insurance plan costs

By RICK KARLIN, Capitol bureau
First published: Tuesday, April 6, 2010

ALBANY -- We've all heard about New York's property taxes, which are among the nation's highest. And the state Legislature's label as the most dysfunctional, bestowed on it by the Brennan Center in 2004, has been fodder for countless editorials, cartoons and general rants against the Capitol.

Now the Empire State can claim another dubious honor: the nation's highest health insurance rates, at least by one measure.

According to an industry trade group, America's Health Insurance Plans, a basic individual health policy premium for one person in New York averages \$6,630 -- more than \$1,000 more than second-place Massachusetts and \$4,779 in third-place Rhode Island. For a family plan, New Yorkers pay \$13,296.

The "individual market" cited in the survey is a small segment of the health insurance spectrum -- fewer than 70,000 individual New Yorkers now have such plans, with thousands dropping them as the prices have risen over the years. Most people get health insurance through their employers.

The Washington, D.C.-based group recently compiled the rankings of 29 states where data on such plans was readily available.

New York's top ranking for individual plan buyers came as no surprise to industry insiders as well as the corporations' critics, who say it's emblematic of the Empire State's cost of living.

What they don't agree on is why the prices are so high.

The industry puts the blame on taxes and regulations, while critics say health insurers have had a decade of unrestrained price hikes -- which they are now trying to halt.

"It's because of state actions taken almost 15 years ago that we are the highest nationally," said Leslie Moran, senior vice president for the state Health Plan Association, a trade group.

Ever-expanding mandates about what insurers must cover, as well as steadily growing taxes on the insurance companies, Moran said, have fueled many of the increases.

"We're highly taxed," added Deborah Fasser, spokeswoman for the state Conference of Blue Cross/Blue Shield Plans. She noted that health insurance taxes total about \$4.7 billion a year, and much of that is passed along to consumers.

Aside from the individual market, group plans are costly as well: New York ranks 14th for employee-based insurance costs, according to the Kaiser Family Foundation. Health insurance for a single employee, for instance, averages \$4,638 in New York.

Critics say such costs are the reason why New York, a decade after deregulation, should bring back the requirement that health insurers get permission from the state Insurance Department before raising their rates.

"New York is a profit center for insurance companies," said Elisabeth Benjamin, vice president of health initiatives for the Community Service Society, an anti-poverty group pushing for the return of "prior approval."

"The idea that you can raise rates without any sort of review is a terrible position to be in from a good government point of view," added Sen. Neil Breslin, D-Delmar.

Breslin, who chairs the Senate Insurance Committee, has joined Gov. David Paterson in calling for the return of prior approval, which would once again allow the state to regulate rates.

Benjamin noted that since prior approval was fully phased out in 2000, annual health insurance costs in general rose from 5 percent to 14 percent. In the rest of the nation, costs are rising about 10 percent annually.

That's why people like Lisa Scerbo have gone without health insurance for the past 16 months.

The co-owner of Hot Shots, a Latham photography and portrait studio, the 53-year-old dropped her insurance when rates rose to about \$12,000 a year in 2009.

"The prices just got really, really high," said Scerbo, who said that her cost had tripled since 1995.

Now, Scerbo is looking at signing up for a state-subsidized plan. "The taxpayers will have to pay for my health insurance," she said.

Scerbo was among a group of advocates who came to the Capitol last month to call for the return of prior approval.

Re-regulating health insurance rates could emerge as a hot topic -- and a potential bargaining chip for any number of other initiatives -- as budget negotiations continue and lawmakers struggle to finish their legislative session.

Paterson included the measure in his budget plan, and the Assembly Democrats have also sought prior approval, but it was left out of the Senate Democrats' spending proposal.

Insurance firms, who have launched a push against its return, contend that New York's regulations already keep companies from offering more choices to consumers.

Moran noted that companies in other states -- including New Hampshire, Georgia, North Carolina and California -- face less onerous regulations and offer high-deductible plans that appeal to young, healthy people who may only want catastrophic coverage.

Others note that prior approval was phased out as part of a compromise in which insurers agreed not to discriminate based on age, gender or the health of customers.

But those who support prior approval say all that pales in comparison with the steep rate increases of the past decade. Currently, about 2.7 million New Yorkers are without health insurance, said Benjamin.

The push for prior approval "is still alive," Breslin said. "There are a lot of negotiations going on."

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Policy premiums

Individual Market, Average Annual Premiums in Selected States, 2009

State	Single Family	Family Size
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New York	\$6,630	\$13,296.84
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Massachusetts	\$5,143	\$13,288.52
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Rhode Island	\$4,779	\$11,107.26
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Maine	\$4,061	\$7,260.92
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Connecticut	\$3,503	\$8,477.09
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New Hampshire	\$3,427	\$7,672.91
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Montana	\$3,305	\$5,968.00
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Nevada	\$3,276	\$6,119.89
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Virginia	\$3,229	\$6,383 2.99
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Georgia	\$3,228	\$7,408 3.38
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Source: America's Health Insurance Plans