



**Testimony of The Business Council of New York State, Inc.
to the Senate Finance Committee and the Assembly Ways & Means Committee
regarding FY 2025 Executive Budget Proposals on Health Care**

January 23, 2024

The Business Council of New York State, Inc., is the leading business organization in New York State, representing the interests of large and small firms throughout the state. Our membership is made up of more than 3,000 member companies, local chambers of commerce and professional and trade associations.

Though 76 percent of our members are small businesses, we also represent some of the largest and most important corporations in the world. Combined, our members employ more than 1.2 million New Yorkers.

We serve as an advocate for employers and work for a healthier business climate, economic growth, and jobs. The Business Council is committed to improving patient access and health outcomes while reducing costs for both patients and their employers.

Governor Hochul's FY25 Executive Budget contains provisions that while well-intentioned, will increase the cost of health care for small and medium-sized businesses who participate in the commercial market. New York's health care costs are among the highest in the nation. Increases to these costs, no matter how well-meaning, contribute to the cost of care and make it difficult for employers and their employees to afford coverage. The Business Council is also concerned with the number of arbitrary and punitive measures proposed within the Health and Mental Health budget bill given the already broad and expansive authority of the Department of Health and the Department of Financial Services.

We appreciate the opportunity to offer our view on the proposed FY25 Executive Budget regarding changes to the commercial health care insurance market and how it will impact New York businesses.

Require Minimum Commercial Insurance Reimbursement Rates for Behavioral Health Services: HMH Part AA – Oppose

This provision of the Health and Mental Hygiene Article VII Bill amends Insurance Law to require New York State regulated health plans reimburse in-network Office of Mental Health (OMH) and Office of Addiction Services and Supports (OASAS) licensed providers at or above the Medicaid rate for outpatient behavioral health services.

Businesses and their employees expect that their health plan will negotiate reasonable rates with providers and provider groups. But this proposal takes away that ability to negotiate

through mandating a rate at which a provider must be paid. By limiting a health plan's ability to seek the best rate for consumers, health care premiums will rise. This proposal, like recent regulatory proposals around network adequacy and standards, fail to recognize or act on addressing the workforce shortage for behavioral health providers, and ultimately will only increase health care premiums without measures to expand access to care and providers. ***For these reasons, we urge the Legislature to reject this provision.***

Mental Health Parity: TEDE Part HH – Oppose

This proposal amends Insurance Law by increasing penalties that the Department of Financial Services (DFS) can impose on health plans for violations of state or federal mental health parity laws.

DFS has broad existing authority to enforce mental health parity requirements, including monetary penalties. DFS exercises this authority already, and in many cases, the fines they do collect are the result of technical errors in compliance reporting, not flagrant disregard of the law. This proposal is concerning, like other proposals in this year's budget to address mental health, because it does nothing to increase provider capacity or patient access and support. Increasing penalties does not equate to more behavioral health providers or greater access; it will only lead to increased health care premiums that will be paid by New York's employers and their employees. ***We urge the Legislature to reject this proposal.***

Insulin Cost Sharing: TEDE Part EE – Oppose

This proposal amends Insurance Law so that covered prescription insulin drugs cannot be subject to cost sharing requirements (including deductibles, copayments, and co-insurance). Under current law, a 30-day supply of insulin is capped at a cost-sharing of \$100. Employers are committed to ensuring their employees have access to the medications they need, especially to treat acute and chronic health conditions.

The Business Council is generally concerned with any new health insurance coverage mandates, like this proposal, as they result in increased costs for employees and employers who purchase private health insurance in New York. These costs fall disproportionately on small and medium-sized businesses who purchase private insurance plans. Mandates like this only apply to fully insured policies that are either purchased by individuals on the marketplace or received through a small or medium-sized business.

Large companies generally self-insure, which allows them to customize a plan to meet the specific needs of their employees, contract with providers or provider networks, and directly pay claims to providers. But importantly, self-insured health plans are regulated under federal law (ERISA) and not subject to state health insurance benefit mandates.

In New York, more than 50% of the commercial market is covered under a self-insured plan. These mandates only impact small businesses and their employees that make up the other portion of the commercial market. While the merits of any single mandate may be sound and not overwhelming alone, the collective imposition of over three dozen unfunded mandates on private insurance purchased by small businesses significantly drives up costs. ***We urge the Legislature to reject this proposal.***

Continuous Eligibility for Children Ages 0-6: HMH Part M – Support

This proposal would provide continuous eligibility for children up to the age of six in the Medicaid and Child Health Plus Programs and allow them to remain enrolled regardless of a change in the family's income. Continuous coverage for this age group leads to better health outcomes and academic achievement, but also healthier families and fewer sick days from work for caregivers and parents. ***The Business Council supports this budget proposal and urges the Legislature to include it in the final budget.***

Thank you for the opportunity to comment on these provisions of the Governor's FY25 Executive Budget Proposal.