



MEMORANDUM IN SUPPORT

S.853 (Klein)

A.4238 (Gjonaj)

AN ACT to amend the insurance law and the public health law, in relation to making actuarially appropriate reductions in health insurance premiums in return for an enrollee's or insured's participation in a qualified wellness program

This bill would help curtail future health insurance premium increases by permitting health insurance carriers and HMOs to offer premium discounts or other benefits or enhancements for participation in wellness programs approved by the Superintendent of Financial Services.

The **New York State Association of Health Underwriters (NYSAHU)**, the professional trade association representing licensed health insurance brokers, agents and benefits consultants in the State, advocates in favor of disease and lifestyle management and **STRONGLY SUPPORTS** this bill, which is one of the Association's Legislative Priorities.

S.853 / A.4238 deals with the high cost of health care itself on a long-term basis. The legislation addresses lifestyle-related, preventable conditions that are estimated by the Centers for Disease Control and Prevention (CDC) to be up to 75% of the cost of all health insurance premiums. In the current New York community-rated health insurance system, there are no consequences for poor lifestyle behaviors, such as smoking, obesity, lack of exercise, poor eating habits, etc.

It is manifestly unfair for health plan enrollees or insureds who are trying to lead a healthy lifestyle, whether or not they have existing medical conditions, to be subsidizing the cost of those enrollees or insureds who have no regard for the negative impact they are having on health insurance premium rates. Smokers pay a higher cost for life

insurance because their mortality rates are higher. The same underwriting rules should apply to health insurance when it concerns a habit that is under the control of the individual insured or enrollee.

The body of evidence coming from recent research has shown that effective wellness and disease management programs can have a significant beneficial impact on health care costs. Unfortunately, it's also been proven that in order to get a significant portion of insureds or enrollees to practice a healthy lifestyle, an incentive, usually monetary, needs to be provided.

There is no incentive for a small employer or individual to change or alter their behavior, because there are no credits against their health insurance premiums for doing so. They will continue to pay the same rate if they stop smoking, even though the evidence is clear that they will incur significantly lower health care costs in the future.

Currently insurance carriers are prohibited by Section 4224 of New York Insurance Law from providing incentives, in most instances, for members who practice a healthy lifestyle, don't smoke, etc. Such incentives are considered "illegal inducements" to renew or purchase insurance. This legislation would correct this inequity and allow such incentives to be provided. A more limited law relating to wellness programs was enacted in 2013 (see C.496, L.2013). This bill would expand upon that base.

By adopting S.853 / A.4238 to allow health plans to offer, but not mandate, actuarially appropriate reductions for participation in bona fide wellness programs, the State would begin to "bend the rate curve down" by making New Yorkers healthier and thus lower health claims. As such, NYSAHU **STRONGLY SUPPORTS** this legislation as a major step in addressing the underlying costs of health care and **URGES ITS IMMEDIATE PASSAGE** for the reasons stated herein.

Respectfully submitted,

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