

July 21, 2008

Deborah Bachrach
Deputy Commissioner, Health Insurance Programs
New York State Department of Health
Corning Tower, Room 2001
Empire State Plaza
Albany, New York 12237

Troy Oechsner
Deputy Superintendent
NYS Department of Insurance
Commerce Plaza, 17th Floor
Albany, New York 12257

RE: Comments on Partnership for Coverage Modeling Instructions

Dear Ms. Bachrach and Mr. Oechsner:

We at Aetna appreciate the opportunity to provide comments on the instructions provided to the Urban Institute for modeling four options to expand health insurance coverage for New Yorkers. As the one of the oldest and largest insurers in America, we believe Aetna has both an opportunity and an obligation to be a key part of the solution. We have been active in both developing and supporting proposals for change. For example, Aetna was the first national insurer to endorse the concept of an individual coverage requirement, recognizing that universal coverage is possible only when there is universal participation.ⁱ The company played an active role in advancing and supporting the Individual Coverage Requirement that is central to the success of Massachusetts' health care reform efforts. We were dismayed to see only one sentence mentioning requiring all New Yorkers to have insurance coverage in the 13-page modeling instructions. Linking an individual coverage requirement with solid enforcement mechanisms, broadly funded subsidies, tax credits and more affordable coverage options are key to the success of a universal coverage proposal. In order to reduce the number of New York's uninsured, **health insurance must be transformed into a civic responsibility.**

A person's coverage status has system-wide implications. When individuals keep up their insurance coverage, regardless of their health status, they make insurance more affordable for everyone by contributing to the general pool. Transforming health insurance into a civic responsibility requires viewing insurance as a mechanism for mutual aid, and not just as a means for self-protection. Importantly, there is growing consensus that, without dismantling the entire system, an individual coverage requirement is the only way to achieve universal coverage.ⁱⁱ

Require all Americans to possess health insurance coverage – an individual coverage requirement – as a common-sense approach for achieving universal coverage through universal participation.

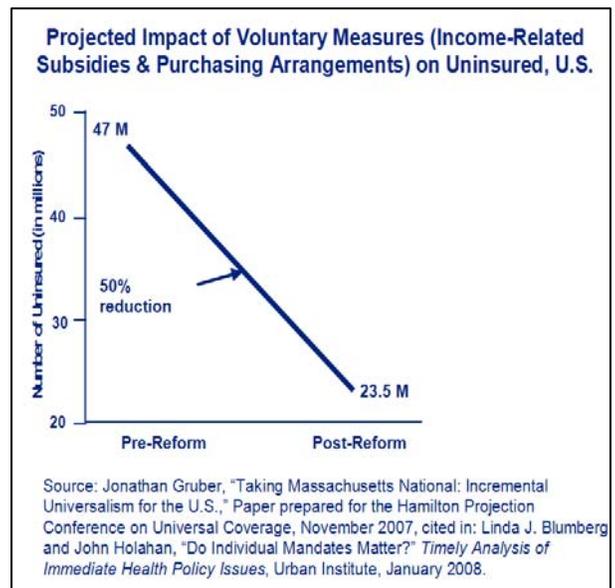
Between 2000 and 2006, 165,000 people, including 27,000 in 2006, died simply because they lacked health insurance.ⁱⁱⁱ In 2005, the average family premium for employer-sponsored insurance included an extra \$922 as a result of uncompensated care for the uninsured.^{iv} Under a system of shared responsibility, those who can afford coverage could no longer shift the risks and costs of remaining uninsured onto others. Moreover, the risk profile of the overall health insurance pool would be improved with the addition of young, healthy Americans who currently comprise a substantial proportion of the uninsured population (for example, 19 million of the 47 million uninsured are between the ages of 18 and 34).^v

Qualifying coverage could, for example, take the form of a basic and essential product that includes preventive coverage. Enforcement of the requirement should be phased into the tax system; for instance, eligibility for the personal tax exemption and/or child tax credit could be conditioned upon proof of coverage.

Pair an individual coverage requirement with government assistance for low-income Americans who are ineligible for public programs to enter the health insurance marketplace.

Almost 30 million uninsured people – nearly two-thirds of the uninsured – come from households with incomes under \$50,000 a year, and about 14 million of these individuals come from households with incomes under \$25,000 per year. Many of these individuals (for example, childless adults) do not qualify for public coverage, yet they need a helping hand.

Aetna supports targeted public subsidies for certain low-income individuals and families in the form of advanceable, refundable tax credits to help finance the purchase of private health insurance coverage. Subsidies should be structured on a sliding scale, so that individuals and families with lower household incomes would receive proportionately greater assistance than those with higher incomes.



July 21, 2008

Page 3 of 3

Explore new models of public-private partnership, such as a twenty-first century voucher system that facilitates portability, expands consumer options and leverages the strengths of the competitive marketplace.

Aetna believes the public and private sectors have a responsibility to work together to explore new ways to help people afford and purchase health insurance. A well-designed voucher system, for example, could enable individuals to use subsidies to purchase the insurance of their choice, allowing them to select the insurance most appropriately tailored to their needs.

Targeted solutions for groups such as college students can effectively reduce the number of uninsured and uncompensated care costs in New York State. National estimates show that college students incurred from \$100 million to \$300 million in uncompensated inpatient medical expenses annually. In addition, nearly two in three uninsured young adults forgo treatment due to cost. Aetna has long supported efforts requiring undergraduate and graduate students enrolling in a public or private college or university to have health insurance. As an incentive to schools, the cost of the health plans could be included in the annual cost of attendance (COA, under Title IV of the 2004 Reauthorization of the Higher Education Act), allowing students who receive a partial or full financial aid package to receive assistance for health care costs. Other possible incentives include direct subsidies for eligible students in the form of refundable tax credits.

We look forward to continuing to work with the Partnership⁴Coverage and New York State's policymakers on expanding health coverage to all New Yorkers in a manner that is affordable for individuals and fiscally sound for the state.

Sincerely,



Michael Hudson
President
Northeast Region
Health Care Delivery

ⁱ Aetna's former Chairman and CEO, Dr. John W. Rowe, first articulated Aetna's support for the concept of an individual coverage requirement at the company's annual meeting in April 2005. That summer, Ronald A. Williams, Aetna's current Chairman and CEO, co-authored an op-ed with Dr. Jack Lewin, President of the California Medical Association, titled "Cover Yourself!" that was published in *The Wall Street Journal* on August 19, 2005. In the fall of 2005, Aetna formalized a policy statement supporting an individual coverage requirement.

ⁱⁱ Linda J. Blumberg and John Holohan. "Do Individual Mandates Matter?" *Timely Analysis of Immediate Health Policy Issues*, Urban Institute, January 2008.

ⁱⁱⁱ Stan Dorn, "Uninsured and Dying Because of It: Updating the Institute of Medicine Analysis on the Impact of Uninsurance on Mortality," Urban Institute, January 2008. Accessed online: http://www.urban.org/UploadedPDF/411588_uninsured_dying.pdf.

^{iv} These extra costs account for one out of every \$12 spent for employer-sponsored health insurance. Families USA. "Paying a Premium: The Added Cost of Care for the Uninsured," June 2005.

^v Nearly one-third (29.3%) of residents between the ages of 18 and 24 – totaling 8.3 million people – were uninsured in 2006. This age group represented 17.7% of the total uninsured population. U.S. Census Bureau. "Income, Poverty, and Health Insurance Coverage in the United States: 2006," August 2007.