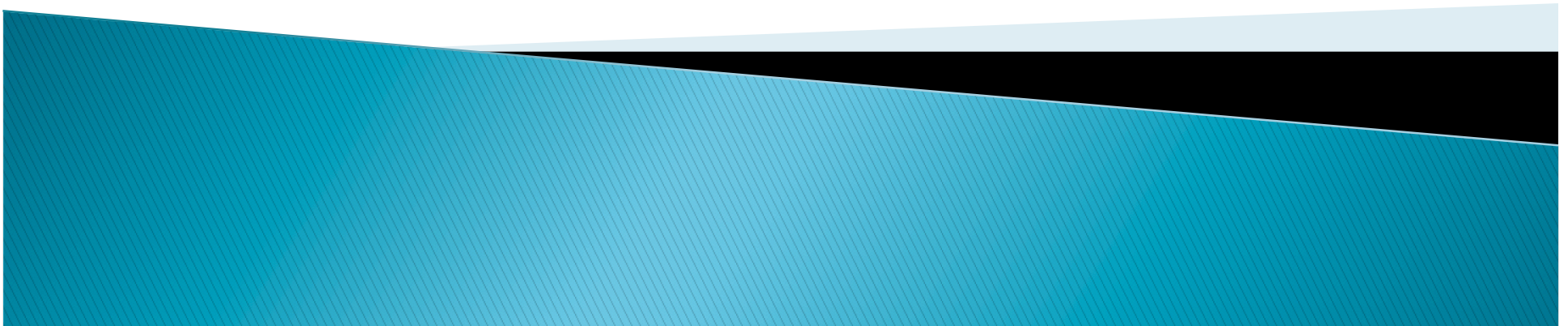


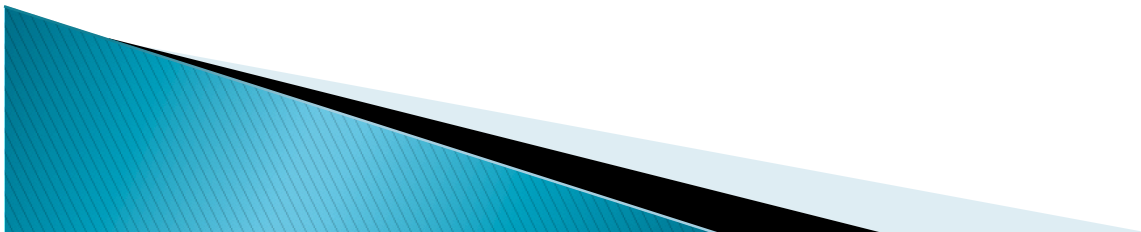
HEALTH INSURANCE REFORM: A Roadmap to Expanded Private Coverage for New York's Non-Poor Uninsured

Tarren Bragdon
Adjunct Fellow
Manhattan Institute for Policy Research



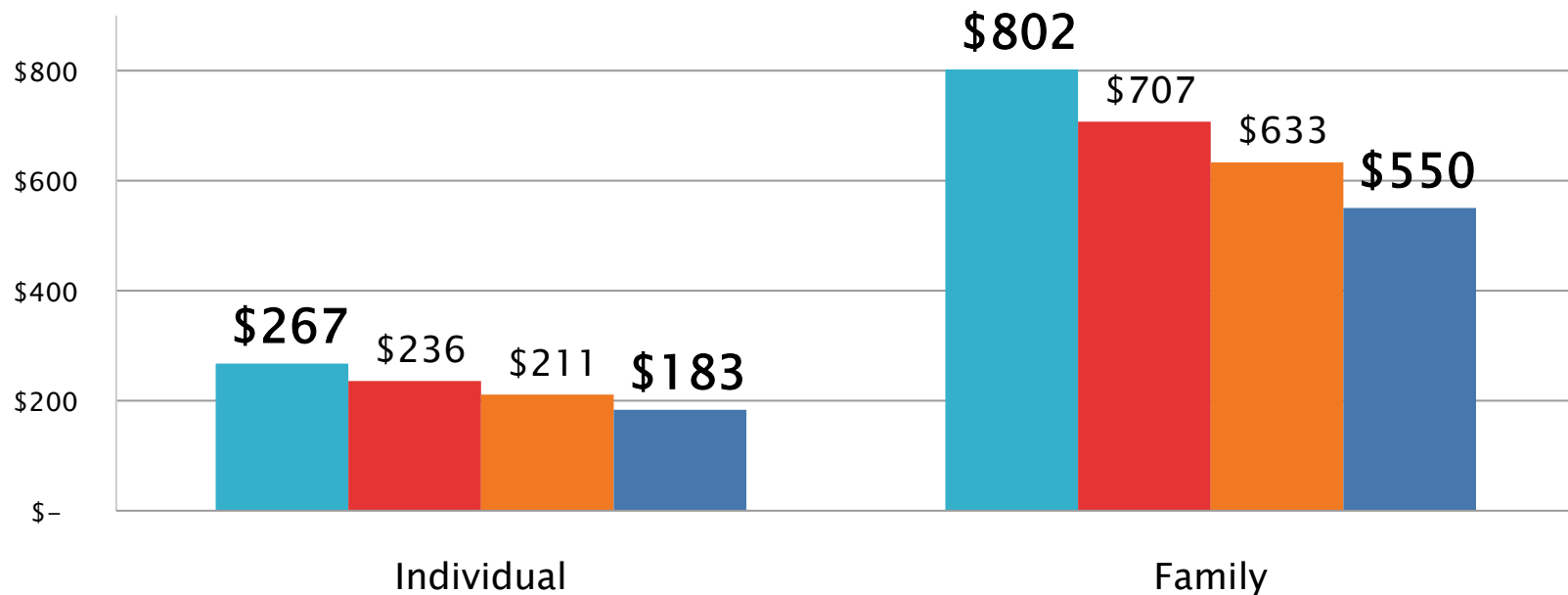
Why is the Direct Pay Market Important?

- ▶ Only place for individuals to voluntarily buy unsubsidized private coverage
- ▶ Only place to purchase “gap” coverage for the temporarily uninsured (less than 2 years)



The Direct Pay Consumer is Highly Price Sensitive and Needs Choices

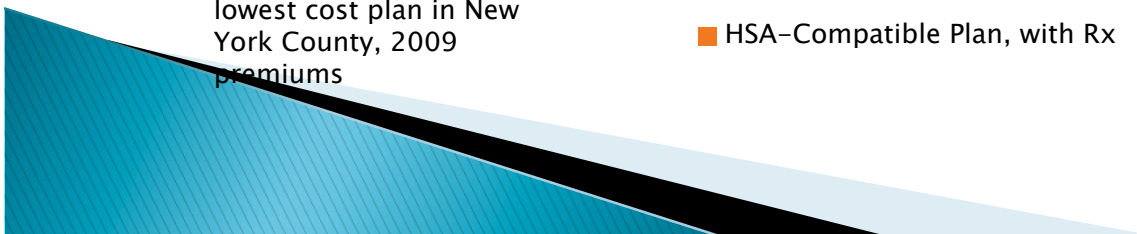
Healthy New York – 2009 Premiums New York County



Source: New York State Insurance Department, lowest cost plan in New York County, 2009 premiums

■ Traditional Plan with Rx
■ HSA-Compatible Plan, with Rx

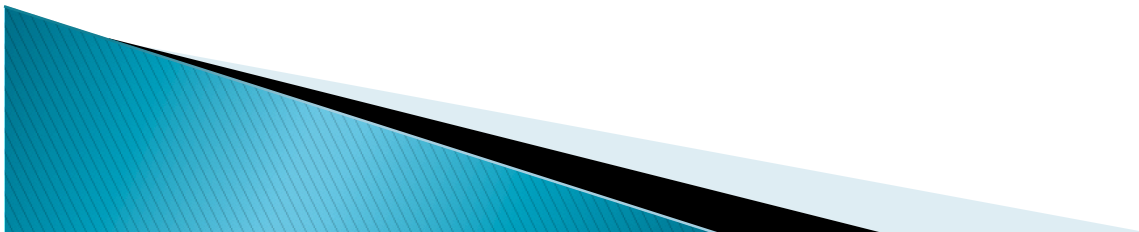
■ Traditional Plan without Rx
■ HSA-Compatible Plan, without Rx



The Direct Pay Consumer is Highly Price Sensitive

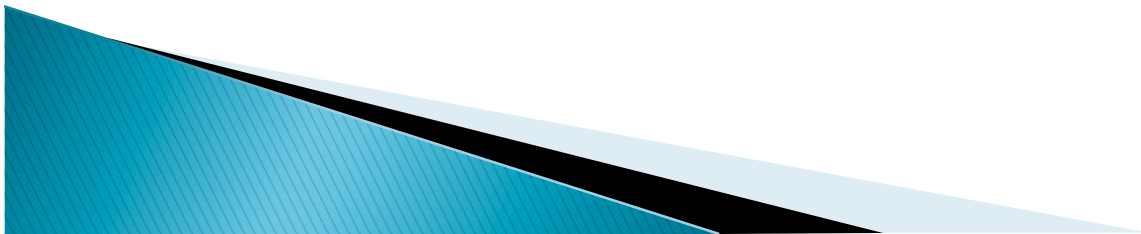
▶ Healthy New York

- No Rx Option – (introduced in July 2003)
 - 15% premium discount
 - 20% market share
- Health Savings Account–eligible plan (introduced in 2007)
 - 22% premium discount
 - Enrollment from 600 to 6,000 in 17 months (4% market share)



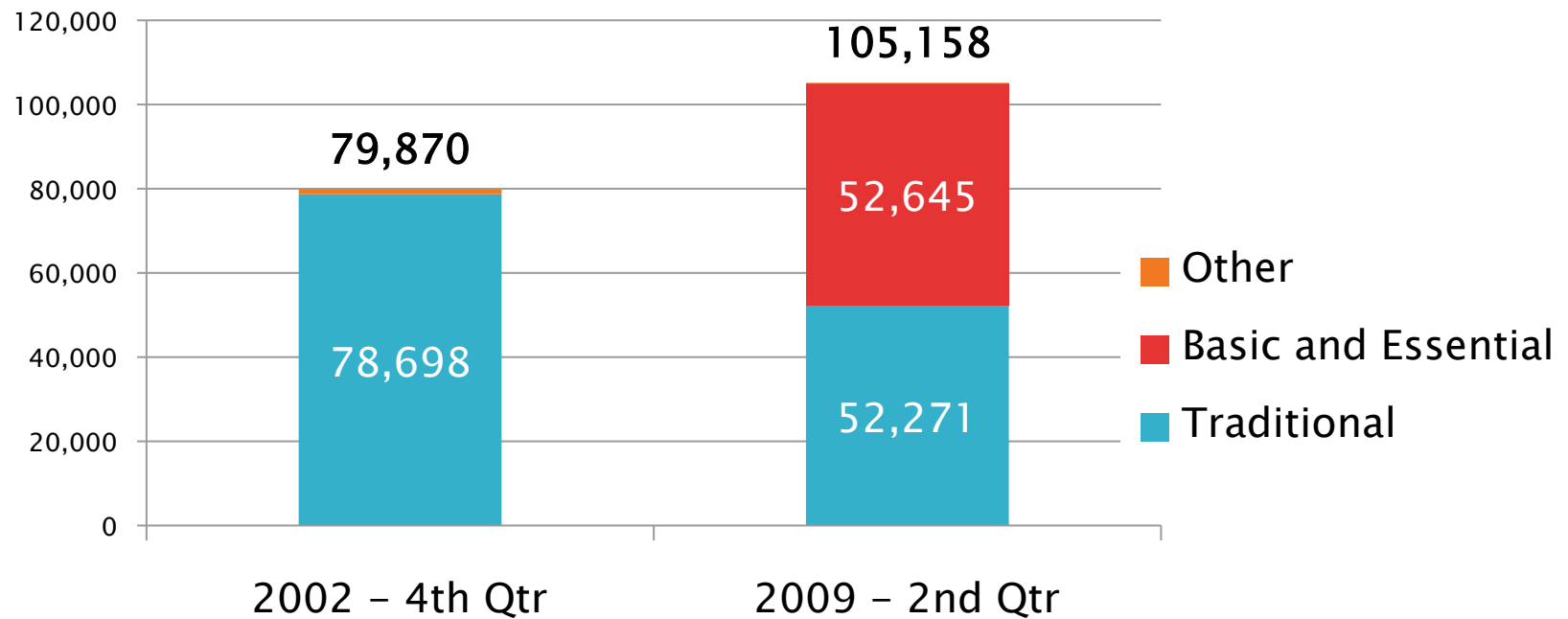
Current Direct Pay Premiums

- ▶ Individual premiums from \$753 to \$2,655 a month for a single person (NYC)
- ▶ Family premiums \$2,205 to \$6,770 for a family of four
- ▶ At the Congressionally-suggested affordability standard of 13% of family income, an individual would have to earn at least \$70k annually and a family about \$204k for the least costly premium to be “affordable”

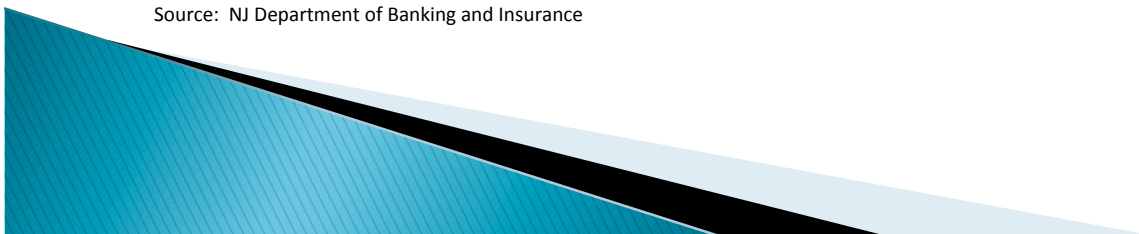


Lessons for the Garden State

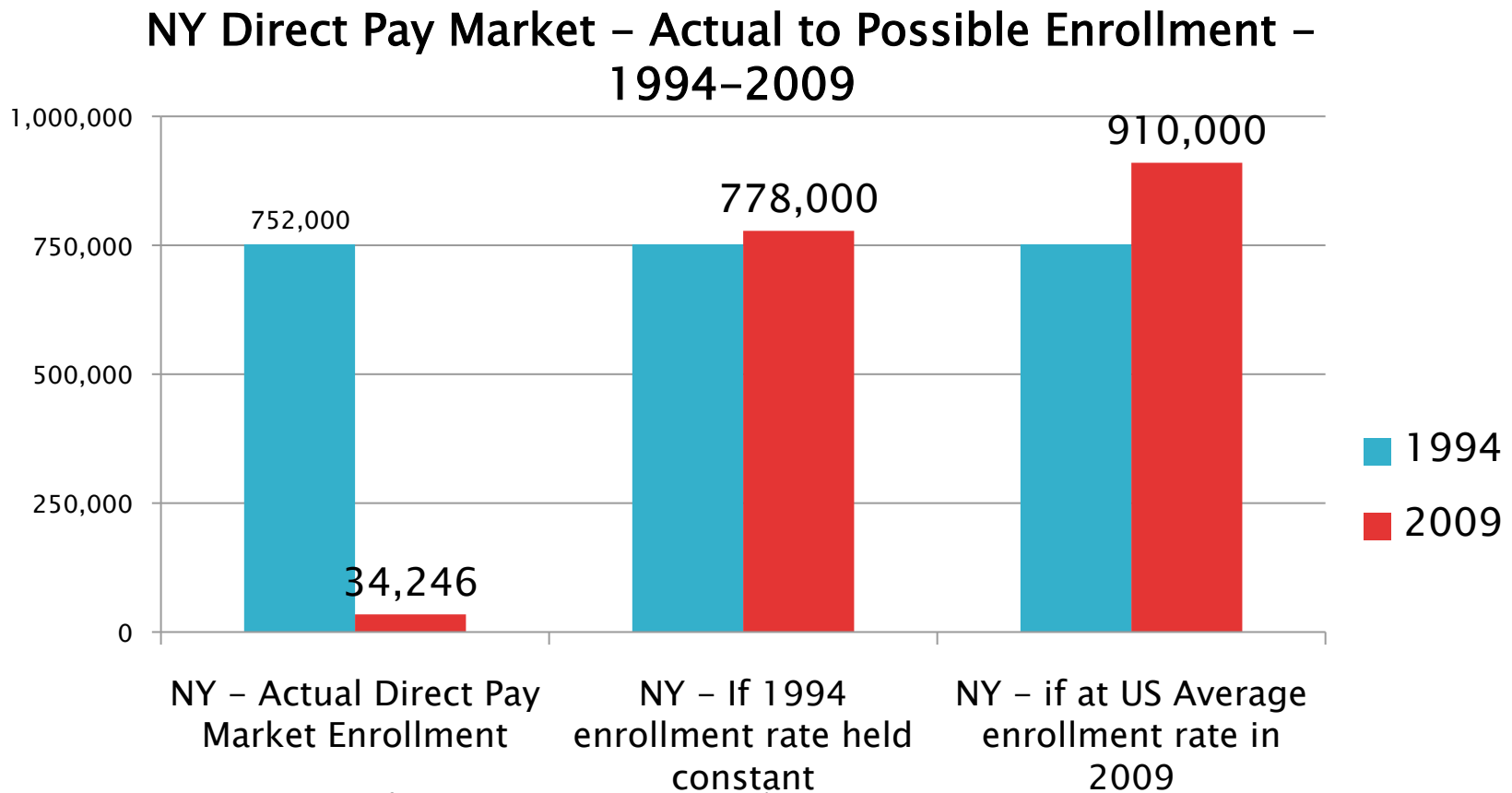
NJ Individual Market – 2002 to 2009



Source: NJ Department of Banking and Insurance



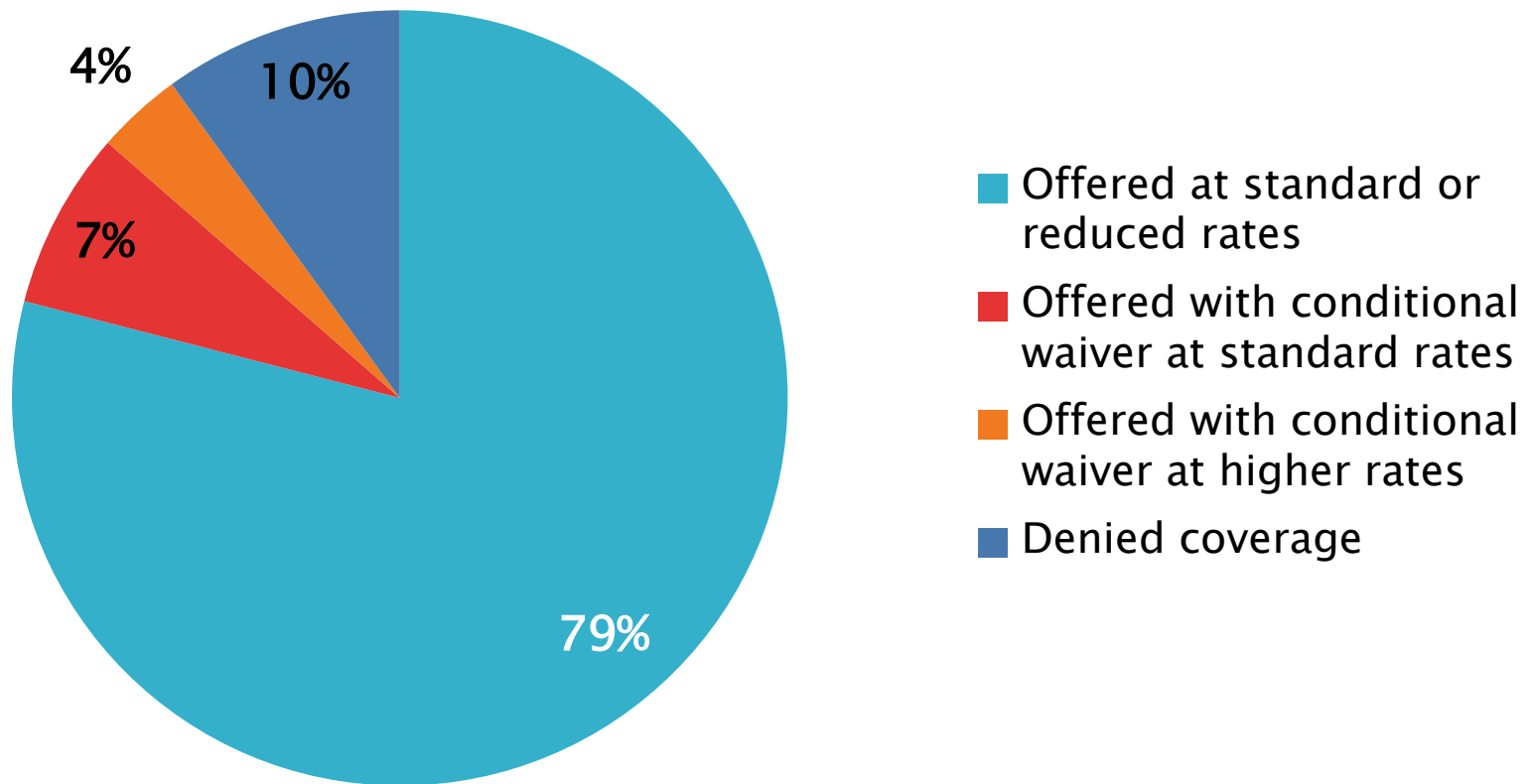
A Road Not Traveled – Alternative Scenarios for NY’s Direct Pay Market



Source: Government Accountability Office, Kaiser Family Foundation, author's calculations



Individual Insurance Applicants



AHIP study of 1.9 million individual insurance applicants

Guaranteed-Access Risk Pool

- ▶ Potential Size & Cost of NY Pool
 - 15,500 to 68,600 (out of market of 816,000)
 - PMPM assessment needed – \$2–\$10, if included all direct pay and small group enrollees (\$6–\$30 if only direct pay enrollees)
 - For comparison, Texas has 23.7 million residents, 1.2 million in its individual market and 28,000 in its risk pool

