

New York Individual Market Rules

The Nuts and Bolts of Rating in the
Individual Market

National Health Policy Forum

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New York Individual Market Rules

- Since 1993:
 - Pure Community Rating
 - Guaranteed Issue
 - 2 Risk Adjustment Mechanisms
 - Demographics
 - High cost medical conditions

New York Individual Market

- Beginning in 1996.....
 - Revised Risk Adjustment Mechanisms
 - Demographic pool phased out over 5 years
 - Most individual indemnity carriers pulled out of the market
 - Law passed requiring HMOs to offer 2 standard products: HMO and POS with benefits defined in the law
 - Premiums for the HMO products increased rapidly. (Current monthly premiums for a single contract are >\$1,000 per month for many carriers; >\$500 for all carriers)
- Beginning in 2000.....
 - stop loss reimbursement mechanisms were established for the two HMO products (90% of claims between \$20,000 and \$100,000)
 - Program is funded from external revenue sources
 - Funding is no longer adequate to reimburse all eligible claims; current reimbursement level is approximately 31%

New York Individual Market

- Beginning in 2007.....
 - Revised Risk Adjustment Mechanism further modified
 - Pooling of variations of costs attributable to high cost claims
 - Pool was \$80 million in 2007; \$120 million in 2008; \$160 million in 2009
- Currently.....
 - 34,000 people now insured in the commercial individual market