



NYSAC
— NEW YORK STATE —
ASSOCIATION OF COUNTIES

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Memorandum in Support

A.5339 (Paulin) / S.5560-a (Reichlin-Melnick)

AN ACT to amend the public health law, in relation to funding early intervention services; and to repeal certain provisions of the public health law and the insurance law relating thereto

The New York State Association of Counties (NYSAC) has reviewed the above referenced legislation and supports the enactment of this bill.

This legislation provides for a system that streamlines the process by which funds are distributed to municipalities to finance early intervention programs, thereby providing vital relief to the municipalities across the state, and to improve their ability to more effectively administer early intervention (EI) services to children who need such services.

All EI services must be provided to eligible children at no cost to their families. The EI program is financed through a combination of state and county funds, Medicaid and commercial insurance. Although Public Health Law and IDEA mandate that public and private commercial insurance be maximized in financing EI services, reimbursement from third party payers, other than Medicaid, has been minimal, leaving the cost of this entitlement to be paid by state and municipal tax dollars.

Commercial insurance plans are only paying approximately \$12 million of the roughly \$80 million annually claimed for EI services. This amounts to around 16¢ on the dollar. By comparison, Medicaid pays nearly 75¢ on the dollar for all claims submitted. We believe that New York State should ensure that insurance plans cover their fair share of the cost of EI services. This is particularly important in light of New York's budget deficit and Medicaid crisis.

In Federal Fiscal Year 2015, the most recent year for claims data, data from NYS Early Childhood Advisory Council, NYS Fiscal Analysis Model for Early Childhood Services, accessed in October 2018 showed counties in New York spent over \$171 million on Early Intervention services, excluding administration costs.

While a \$40 million covered lives assessment fee on commercial insurance does not cover the entire state and county share of the program, we do believe that this legislation provides the groundwork for rightsizing the share of program expense.

This assessment would impose a fee on state-regulated commercial insurance plans for EI services. This \$40 million covered lives assessment fee would then offset a portion of the state and county funded escrow account for early intervention service providers. If set at an appropriate amount, commercial insurance plans would pay their fair share for EI claims, adding tens of millions of dollars to the system. Advantages of a covered lives assessment include:

- New York could increase reimbursement rates for EI providers.
- The assessment would relieve plans of the administrative burden of processing claims, and relieve providers of the administrative burden of filing claims.
- Increased reimbursement and streamlined billing processes will incentivize providers to remain in the system, and attract new providers, thereby reducing wait times for children.

- A covered lives assessment would cost commercial insurance plans less than mandating approval of all claims for health services identified on an IFSP.

Loopholes in current law continue to permit commercial insurers to unfairly shift a portion of their responsibility to state and local taxpayers, placing undue administrative burdens on providers of EI services and the state fiscal agent in pursuing claims.

This legislation makes significant improvements to the way the EI program is provided for in New York State.

It is for the above stated reasons that NYSAC strongly supports and encourages the enactment of this bill.

The New York State Association of Counties is a bipartisan municipal association serving all the counties of New York. Organized in 1925, NYSAC's mission is to represent, educate, advocate for and serve our member counties and the thousands of elected and appointed county officials who serve the public. For more information, visit www.nysac.org.

TO: Assembly Sponsor; Assembly Health Committee
RMG 2.18.21