



Briefing Note

NEW YORK'S HEALTHPASS PURCHASING ALLIANCE: MAKING COVERAGE EASIER FOR SMALL BUSINESSES

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Pub. #662
September 2003

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The HealthPass purchasing alliance—the result of a public–private partnership between the Mayor’s Office and local businesses—has made it more affordable for small businesses in New York City and its suburbs to offer health insurance to employees. The program enables workers to choose plans that best meet their health needs and budgets, and makes it possible for employers to offer coverage without a lot of administrative hassles.

According to a Commonwealth Fund–sponsored evaluation, HealthPass, which began enrollment in December 1999, emerged from an initial period of slow growth to achieve rapid enrollment by the end of 2002. The challenge now is to build on that success by seeking a partner that will allow the program to offer affordable coverage to a greater number of small businesses, or those with up to 50 employees.

The study’s findings are discussed in the report, *New York’s HealthPass Purchasing Alliance: Making Coverage Easier for Small Businesses*, by Stephen N. Rosenberg, M.D., emeritus clinical professor of health policy and management at Columbia University’s Mailman School of Public Health and senior medical director for quality improvement at UnitedHealthcare of New York and New Jersey.

HealthPass was serving more than 1,000 companies—and covering more than 9,100 lives—by the end of 2002. Seven hundred firms were offering health insurance for the first time. Enrollment has grown more rapidly than in similar New York programs for small businesses.

Flexible, User-Friendly Design

Many of the program’s achievements, Rosenberg finds, can be attributed to its administrative simplicity and flexible design. Participants in HealthPass choose from among a range of plans, with multiple prescription drug and dental options and varying premium levels. “Even if

employees in a firm choose different plans, their employer fills out a single enrollment form, receives a single monthly premium invoice, and has access to a central HealthPass number for member services,” Rosenberg notes. “Employers pay a set amount of each employee’s premium and employees can choose more expensive plans and pay the balance themselves.”

In addition, health insurance brokers—who have attracted most of the program’s participants—appreciate the “mix and match” benefit options, which allow them to make sales to business owners who may not be interested in a single health plan for all of their employees.

Future of HealthPass

The city provided \$2.7 million in seed money for HealthPass’s first two years and extended funding through June 2003. But continued public support is uncertain: the program is not expected to have enough enrollees to achieve economic self-sufficiency until early 2005. Rosenberg concludes that, in order for HealthPass to build on its success, the program needs a partner: a public program, such as the state’s Family Health Plus, Child Health Plus, or Healthy New York program, that would make HealthPass membership more affordable for the many small businesses that cannot now afford to join.

Facts and Figures

- More than 60 percent of companies enrolled in HealthPass had not previously offered health insurance benefits.
- In 2002, the average monthly premium for employees and their families was \$847.67, with employers paying about 45 percent of the cost.
- The average monthly premium for employee-only coverage in 2002 was \$321.86, with employers picking up, on average, 61 percent of the cost.

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