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August 24, 2012

Donna Frescatore, Executive Director
Health Benefits Exchange
Room 248
NYS Capitol
Albany, NY 12224

Dear Ms. Frescatore:

On behalf of The New York State Conference of Blue Cross and Blue Shield Plans ("NYSCOP"), we urge the state to choose one of the most popular small group plans as the benchmark plan in New York.

The small group plans comply with all New York state benefit mandates and thus relieve the state from paying the cost of these additional mandated benefits. In addition, these products provide comprehensive benefits that serve the needs of thousands of New York residents. Finally, the Oxford products will not unduly increase the cost of coverage in New York. Based on the study conducted by Milliman, the Oxford plans are the most cost effective benchmark options, with a cost to the small group market of only 1.17% (compared to 2.24% - 4.39% for the state and federal employee plans).

With additional fees and taxes being imposed upon plans beginning in 2014, cost is a critical concern. Once the Exchange is operational, consumers will be faced with fees to support its operation. Additionally, the ACA imposes a number of taxes that will be passed on to consumers in the form of higher premiums. One tax will add $1 per member per month, which will increase to $2 per member per month. More significantly, another tax will collect $8 billion in taxes (steadily increasing to $14.3 billion by 2018) based on market share. Faced with these additional taxes and fees that will increase premiums, it is incumbent on the state to choose a benchmark plan that will not unnecessarily further increase premiums.

In short, the most popular small group plans provide comprehensive coverage at the most reasonable price point for consumers and the state. Please feel free to contact me if you should have any questions.

Very truly yours,

Sean M. Doolan
SMD:kmw

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