

Bill would give Excellus exclusive deal with Kodak retirees

Insurer could get Kodak-related work

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ALBANY — A bill that passed the state Senate this week would give Excellus BlueCross BlueShield in Rochester the exclusive rights to negotiate with Eastman Kodak Co. retirees if the bankrupt company drops their health coverage.

Other insurers are protesting the move, claiming it is a sweetheart deal. They said the bill would skirt competitive bidding laws and potentially lead to higher costs for retirees.

“We believe that Kodak’s retirees would be best served if there were a competitive environment,” said Michael Traphagan, spokesman for MVP Health Care, which is based in Schenectady.

The sponsors of the legislation, Sen. Joseph Robach, R-Greece, and Assemblyman Joseph Morelle, D-Irondequoit, retreated when asked about the bill’s language by Gannett’s Albany bureau. They said they would seek to amend the bill so other insurers could apply.

Robach said Excellus had already been working with the retirees, so that’s the reason why the bill was crafted as it was.

“Certainly, the goal is not to help any one health care company. It’s to protect these employees,” Robach said.

Robach and Morelle introduced the bill in March. It won unanimous approval Tuesday in the Republican-led Senate, but it hasn’t passed the Democrat-controlled Assembly. Robach put out a news release touting its passage.



What irked other health care providers is language in the bill that states the eligible insurer would need to have “its parent headquarters in the same county” as the Kodak retiree association. Only Excellus is headquartered in Monroe County.

The state Health Plan Association, which represents health insurers, said it supports competitive bidding on insurance plans, which is usually required.

“As a statewide association representing health plans, HPA is supportive of competition in the marketplace,” said Leslie Moran, an association spokeswoman. “It gives consumers choice and helps to keep costs competitive.”

Excellus defended the bill. The company said it has been working with the Kodak retiree group EKRA Ltd. in case Kodak cuts coverage.

“Both parties have been working collaboratively to find a way to provide Kodak retirees with coverage that is affordable to someone who is on a fixed income,” said Excellus spokesman Jim Redmond in an email. “We were both comfortable with this approach to ensure that other health insurers couldn’t ‘cherry pick’ the best risk and thus drive up the cost of coverage for all of the remaining retirees.”

He added: “If the cost of coverage gets too expensive, it is no longer accessible to the Kodak retirees who have limited incomes.”

Traphagan disagreed, saying competition would probably result “in a better product offering and at least perhaps a better price. And I believe the legislation, the way it stands, would limit that to an exclusive provider.”

EKRA President Bob Volpe declined to comment. Last month, a U.S. Bankruptcy Court judge ordered the creation of a retiree committee to represent Kodak retirees’ interests during the Chapter 11 case.

MVP and Excellus have made campaign contributions to candidates in New York, records show. Excellus has contributed about \$28,000 since 2006, including \$15,000 to the Monroe County Republican Committee and \$2,000 to Morelle in 2006. MVP gave \$500 to Morelle in 2006.

It did not appear Robach received direct contributions from either company.

Morelle said he expects amendments will be made to the bill to allow for other insurers to apply.



“We’re looking at amendments to the bill, and one of the ones that’s been raised has been the question of exclusivity,” Morelle said. “So the bill would be amended to allow for any insurance carrier admitted in New York to compete for the business.”

The current bill would give the superintendent of the state Department of Financial Services the authority to approve a company for the so-called health insurance demonstration program, which would provide the group insurance.