



## **Partnership for New York City**

### **RESTRUCTURING HIP/GHI AS A FOR-PROFIT COMPANY**

#### **TESTIMONY BEFORE THE NEW YORK STATE INSURANCE DEPARTMENT**

**TUESDAY, JANUARY 29, 2008**

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PRESIDENT & CEO**

#### **PARTNERSHIP FOR NEW YORK CITY**

Good morning. Thank you for the opportunity to testify today.

The Partnership for New York City represents the city's business leadership and largest private sector employers. In the interests of full disclosure, both HIP and GHI are long time members of the Partnership and have been active in our efforts to strengthen the economy of the city and its neighborhoods. Both companies have been great corporate citizens of New York.

Recognizing the dramatic changes that have taken place in the health care industry over the past few decades, and the competitive pressures this has placed on our remaining local health insurers, it would be impossible to do anything but endorse the plan to restructure HIP/GHI as a for-profit company. Conversion to for-profit status will enable HIP and GHI to provide New Yorkers with the best possible managed care coverage at the most reasonable costs. Conversion also offers HIP/GHI more and better options for meeting high capital requirements in order to compete head to head within an industry that is dominated by for-profit companies with access to the public markets.

HIP/GHI is a major local employer with 5,000 employees, the majority located in Lower Manhattan and in communities across the city. It provides a health coverage product that is important to government and to many private sector employers, including employees of Fortune 500 companies, small businesses, Medicare members and subscribers in state-sponsored health programs.

HIP/GHI is a merger of two important New York City institutions that, together, are in a position to continue to provide locally based health care coverage. We should come together to support this plan to strengthen their role as a partner in meeting the health care needs of New Yorkers.

As for a for-profit, HIP/GHI will continue to serve as a successful health insurance company and a major employer in New York State, as well as becoming a stronger, more efficient health care partner for New Yorkers. Absent this conversion, it is unlikely that HIP/GHI could sustain its position as a major insurer and employer.