

## **NON-PROFIT INSURANCE CONVERSION**

**Request:** AMS requests that language in proposed legislation that enables not-for-profit insurance companies to convert to for-profit companies be amended. The mission statement under the legislation proposes a private foundation should specifically support and promote medical education and research in New York State. As such the proposed bills should also be amended to include the following statement: “support and promote programs dedicated to the advancement of medical education and biomedical and public health research on medical conditions of interest”.

In addition, AMS is supportive of a separate pool in the public asset fund for biomedical and public health research. A reliable stream of research support from the State would assist academic medical centers in combating bioterrorism and new public health challenges, such as SARS, West Nile Virus, and serious influenza manifestations. We expect that bills previously introduced will be reintroduced in the State Legislature this year.

**Background:** In May 2000, the Legislature and the Governor approved legislation which would allow Empire Blue Cross/Blue Shield to convert from a non-profit entity into a for-profit entity. Under current New York State law, particularly for Blue Cross/Blue Shield, a portion of the proceeds (5%) are allocated to a charitable organization to expand health care accessibility, as well as promote health education and prevention. The remaining 95% is deposited into the general revenue pool.

That charitable organization currently has an estimated \$240 million in assets. In the Fiscal Year 2006 Executive Budget, Governor Pataki recommended using \$200 million of this funding to support a biomedical research challenge grant program. We strongly support this effort.

There is a possibility that this year, the Health Insurance Plan (HIP) of New York State may convert, resulting in an Initial Public Offering (IPO) of \$2 billion. This issue may become a critical part of budget discussions this year. AMS urges the Legislature to place a larger portion of these funds into a foundation that will support biomedical and public health research.

