

State-Run Single-Payer Health Care-an Outmoded Recipe for Fiscal Disaster

The New York State Legislature is considering a bill that would outlaw the sale of private health insurance for the majority of New Yorkers, force a majority of them to enroll in a state-run health plan and make everyone who lives and works in New York State – whether they enroll in the state-run plan or not – pay for it through new taxes on payroll and investment income.

The New York Health Act A.4738-A (Gottfried) / S.4840-A (Rivera) was first introduced in the early '90's, when approximately 13.5% of New Yorkers didn't have health insurance¹. It's been regarded as an impractical and incredibly expensive idea since it was introduced; so much so that since it was first introduced twenty six years ago, it's only passed the Assembly a few times – and never once made it out of committee in the Senate.

An idea whose time has come? Some may think so, but a look at the facts proves otherwise. In the quarter-century since Assemblyman Gottfried first introduced his bill, the number of uninsured New Yorkers has dropped from 13.5% to 5.4%² - and rates for individual coverage decreased by 53%³ - because of the passage by Congress of the Affordable Care Act.

During that same period, the Legislature passed the Health Care Reform Act (HCRA). This legislation was intended to help hospitals transition from state-regulated pricing of services but was turned into an ongoing revenue stream by the Legislature, who keeps extending HCRA's taxes every time that they're about to sunset. HCRA now generates \$5.5 billion in revenue per year - and during the time that HCRA has been in place lawmakers hiked the original HCRA taxes, or imposed new ones, 14 times in 12 years⁴.

Other changes since Assemblyman Gottfried first introduced his bill include an increase in the amount of money that's spent on healthcare for New Yorkers from \$58.08 billion in 1991 to \$192.8 billion in 2014⁵. Some of the increase was driven by mandates passed by the Legislature⁶, which a 2003 study showed adds as much as 12% to the cost of health insurance.⁷

Supporters of the bill claim that it will generate cost savings via efficiency – but it eliminates all copays, deductibles and coinsurance, in effect covering all healthcare expenses. The bill also allows for providers to negotiate payment rates with NYS for their services via collective bargaining, as if they were a union.

Given these features, it's difficult to expect that the bill will bring about the savings that its supporters envision – especially when considering the state's track record of creating revenue streams, increasing them and using them for other purposes, such as spending \$2.2 billion of HCRA revenue to boost the benefits and pay for health care workers over a four year period, spending \$197 million a year in HCRA revenue on the “recruitment and retention” of personal care workers, and placing millions of dollars of HCRA revenue in “priority pools” to be spent at the discretion of legislative leaders.⁸

¹ Bureau of the Census Health Insurance Coverage 1993

² Natl. Center for Health Statistics – Uninsured... for All Ages by State 2016

³ NYS DFS Press Release July 17, 2013

⁴ Empire Center- Hooked on HCRA January 2017

⁵ CMS Health Expenditures by State of Residence 1991-2014

⁶ Empire Center – Mandate Watch 2018

⁷ Employer Alliance – NovaRest Consulting Report on Mandated Benefits in NY May 2003

Medicare and Medicaid enrollees would give up their current coverage, as would Essential Plan enrollees and many of those who receive their health insurance from their employers. Employees whose employers provide coverage via self-funded insurance can't be forced to participate (about 25% of NYS residents) - but they and their employees can be forced to pay for the plan even if they don't choose to participate in it, since the plan is funded by new payroll and investment income taxes. Since the bulk of businesses generating tax revenue for the State are located in the NY Metropolitan area (70-80%)⁹ they'd find it relatively easy to move their headquarters to New Jersey or Connecticut.

The State would need to obtain waivers from the Center for Medicare / Medicaid Services (CMS) and the department of Health and Human Services to move forward with this plan. Given the relationship between the government of New York and the current federal administration, the ability to secure the required waivers can only be regarded as a longshot – making spending any time or money of this effort even more questionable.

A recent poll shows that the majority of New Yorkers oppose single payer (53% against, 31% in favor) and that an even greater majority (64%) have major concerns about having Albany politicians in charge of a government run single-payer healthcare system¹⁰.

The number of those opposed increased to 66% when told that funding the plan would require as much as \$225 billion per year in increased tax revenue - more than doubling New York State's current annual budget¹¹.

Voters are concerned about the quality of care that they'd receive under a state-run single-payer system as well; 61% said that they are worried about patient outcomes and 60% said that they were worried about being able to keep their current provider.

Voters are in favor of universal healthcare; 58% favor requiring all New Yorkers to have healthcare; 63% favor revising health insurance rules to encourage younger, healthier people to buy coverage, and 68% favor expanding subsidies for working and middle class families and expanding eligibility for Medicare or Medicaid Managed Care.

New York State should concentrate on finding ways to reduce the cost of healthcare while expanding it to ensure that all New Yorkers have access to quality, affordable healthcare. The State's efforts within the framework of the Affordable Care Act have created some successes; the Legislature should look to capitalize on those successes and that existing framework instead of advocating for a costly and inefficient state-run healthcare plan that will result in shocking cost increases, questionable care outcomes, the dismantling of Medicare in NYS and reductions to the State's business tax base - all of which will lead to a crushing tax burden being imposed upon the remaining New York residents and businesses.

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The New York State Association of Health Underwriters (NYSAHU) is the professional trade association of New York health insurance agents, brokers, general agents and employee benefit consultants. NYSAHU supports universal health care. We believe that the integration of existing public plans with market-based solutions is the most economically effective and responsible means of making affordable health care accessible to every New Yorker, and we're willing to work with other stakeholders to achieve this important goal. For additional information contact media@nysahu.org or call 516-984-5388.

⁸ Empire Center – Hooked on HCRA January 2017

⁹ Politifact Feb 01 2018

¹⁰ Mercury Public Affairs poll May 2018

¹¹ Roy, A; The Price of Single Payer: A Fiscal Analysis of the New York Health Act, 2016