

Campaign for New York Health

Health/Medicaid Budget Hearing Testimony

Feb 16th, 2017

Introduction:

Good afternoon to the Committee; thank you for the opportunity to testify today.

My name is Maria Alvarez, Executive Director of Statewide Senior Action, testifying on behalf of the Campaign for New York Health – a statewide coalition of nurses, doctors, labor unions, health care workers, seniors, faith groups, businesses, immigrant rights organizations, and concerned individuals, advocating for a universal, publicly-financed health care system as detailed in the New York Health Act [A.4738/S.4371], a bill that passed by a large majority in the Assembly in 2015 and 2016.

A program for “improved Medicare for all” like the New York Health Act is often referred to as a single-payer system because it replaces the fragmented, multi-payer insurance system with one, single funding stream to pay doctors, clinics, hospitals, and other health care providers. Around the world, single-payer health care systems provide universal coverage at about half what we spend, and they garner better health outcomes for their populations.

My testimony today will focus on three components:

- 1) Why health care costs are an important matter for the state budget process to address.
- 2) The overwhelming need for improvements in our state’s health care system.
- 3) The growing support for the New York Health Act, especially in the face of the impending repeal of the Affordable Care Act.

Health Care Costs

Health care accounts for one-third of State spending, and it is rapidly growing. For years, health care costs have been growing twice as fast as wages and overall inflation, and that burden is felt by all of us. The average family health insurance plan now costs \$17,500. Medicaid financing has led to skyrocketing property taxes, a burden on our local governments and home owners. Businesses such as Transonic Systems in Ithaca feel they cannot keep up with the ever increasing costs of health insurance, forced to consider moving their manufacturing to a country where they would pay half of what they do in New York.

Health care costs will continue to consume more and more of business, state, and local government’s budget – to the detriment of other necessary services – unless steps are taken to contain that growth in spending by moving to a system such as that provided in the New York Health Act.

The Need

In the proposed budget for 2018, we applaud Governor Cuomo’s efforts to expand funding for Medicaid, and rein in pharmaceutical costs, but there is much more to be done to meet the health care needs of New Yorkers.

At the same time as spending by the State government on health care continues to grow, many New Yorkers have no insurance coverage at all. Even if efforts by the US Congress to repeal the Affordable Care Act should fail, nearly one and half million New Yorkers will remain without any insurance coverage¹. This is not acceptable.

¹ Source: Census Bureau 2016. NYS Dept. of Health 2016

Those who have insurance find themselves increasingly underinsured and burdened because of rising deductibles and copays – a problem that drives medical bankruptcies or causes patients to avoid getting care due to its cost. Insurers increasingly limit the network of providers in their plans so that New Yorkers are unable to go their doctor and hospital of choice.

If the ACA is repealed, estimates from Governor Cuomo's office showed an additional 2.7 million New Yorkers will join the ranks of the uninsured². Furthermore, funding for the Medicaid expansion and the Essential Plan will be eliminated, costing our state almost \$4 billion. Congressional proposals to fund Medicaid through a block grant are projected to reduce federal Medicaid spending by 41%³ over the next decade, requiring New York State to either make up for the shortfall, or cut coverage for the people who need it most.

New Yorkers are panicking about their health care. How will they access care if they lose their ACA or Medicaid coverage, or if the Medicare coverage is privatized and put in the hands of a managed care plan? How will they get care if they lose their job because they get sick? Will those who have insurance be able to continue to afford it? Will immigrants be able to access insurance? Will a privatized Medicare managed care plan limit what doctor or hospital they can see and what care will be covered? Will contraception and abortion be available?

The only way we can protect ourselves – the only way we can afford to fill the huge gaps that will be created by Washington – is by adopting our own highly-efficient form of health care financing, as embodied in the New York Health Act.

The Solution for New York

We can solve these problems – continually rising health care costs and persisting widespread uninsurance and underinsurance – by adopting a simple program that is popular with the public, and is supported by a large majority of the State Assembly and a substantial portion of the Senate: a publicly-funded universal health care program, as contained in the New York Health Act. This program would bring together existing federal funds – including Medicare and Medicaid – with new state funds, raised through a progressively-graduated tax on payroll and unearned income, based on ability to pay, to provide high quality coverage and care for every resident of this state.

A detailed study of this plan, conducted by Professor Gerald Friedman of the University of Massachusetts in Amherst, has shown that we would be able to achieve tens of billions in savings by streamlining the administration of our health care system to a single-payer funding stream⁴. We would eliminate insurance company administrative cost and profits and slash the enormous administrative costs health care provider spend to deal with insurance companies. We could negotiate better prices for drugs with the pharmaceutical companies; and for medical devices with their manufacturers. We could eliminate all financial barriers to care, the copays and deductibles that keep many New Yorkers from getting the care they need. There would be enough savings to allow us to extend high quality coverage to every New Yorker.

Support is growing throughout the state for this solution. A growing number of unions, community groups, and health care organizations have endorsed the bill. Amongst physicians –the Medical Society of the State of New

² <https://www.governor.ny.gov/news/governor-cuomo-announces-impact-potential-affordable-care-act-repeal-new-york>

³ <http://kff.org/medicaid/issue-brief/5-key-questions-medicaid-block-grants-per-capita-caps/>

⁴ [http://www.infoshare.org/main Economic Analysis New York Health Act - GFriedman - April 2015.pdf](http://www.infoshare.org/main/Economic%20Analysis%20New%20York%20Health%20Act%20-%20GFriedman%20-%20April%202015.pdf)

York surveyed its members in 2015 finding that 58% of their membership supports single-payer health care reform, and 75% believe that universal health care should be a goal of our health care system.⁵

I work with seniors, and our members know about the benefits of a single-payer health care system because they are on Medicare (traditional Medicare is our homegrown single-payer system in the U.S.). They can tell you: Medicare works. Medicare's administrative cost – despite caring for the oldest and sickest in our population – is only 2%⁶ as opposed to the 15-20% overhead of private health insurance companies. Extending and improving Medicare is the best way – actually, the only way – to cover everyone (including our kids and grandkids) while saving money. With improvements like covering vision, dental, long term care, the full range of reproductive health care, guaranteeing free choice of doctor and hospital without restrictive networks, we can have the best care in the world for all New Yorkers.

When it comes to health care, New York can lead the way. But there's only one way to cover everyone and save money, and that's with the New York Health Act.

For more information on the Campaign for New York Health, please visit: nyhcampaign.org

⁵https://d3n8a8pro7vhm.cloudfront.net/pnhpnymetro/pages/73/attachments/original/1432668092/MSSNY_Membership_Survey_on_SP.pdf?1432668092

⁶ <http://healthaffairs.org/blog/2011/09/20/medicare-is-more-efficient-than-private-insurance/>

1. The first part of the document is a list of names and addresses of the members of the committee.

2. The second part of the document is a list of names and addresses of the members of the committee.

3. The third part of the document is a list of names and addresses of the members of the committee.

4. The fourth part of the document is a list of names and addresses of the members of the committee.

5. The fifth part of the document is a list of names and addresses of the members of the committee.



CAMPAIGN FOR NEW YORK HEALTH

Economic Analysis of the New York Health Act

A report by Prof. Gerald Friedman, UMass/Amherst

An Overview

- Analyzes the economic impact of the New York Health Act, legislation proposed by Assemblyman Richard Gottfried and Senator Bill Perkins, which would establish a **comprehensive universal health insurance program for all New Yorkers.**
- Under current conditions, **the share of state income spent on health care and the administration of the health care system will rise to 18 percent by 2024, much faster than incomes are rising. The average cost of an employer-provided family plan in New York today is over \$17,500 with an average family deductible of over \$2200.**
- One-third of Americans report they were unable to access needed medical care because of its cost. **New York Health would eliminate financial barriers to care.**
- New York Health would replace the current multi-payer system of employer-based insurance, individually-acquired insurance, and federally sponsored programs (e.g., Medicare and Medicaid) with a **single billing pipeline funded by progressively-graduated assessments collected by the state and based on ability to pay.**
- By reducing burdensome billing expenses, administrative waste, monopolistic pricing of drugs and medical devices, and fraud, **New York Health would reduce overall health care spending by 15 percent or \$45 billion per year by 2019.**
- The reductions would include:
 - **Elimination of overhead and profit of private health insurance companies**
 - **Savings on doctor and hospital billing and insurance-related expenses**
 - **Cost of employer administration of health insurance plans**
 - **Greatly reduced drug and device prices**
 - **Reduced waste and fraud**
- New York Health would expand and improve our current health care system:
 - **Expand coverage to include all of the uninsured**
 - **Eliminate copays and deductibles**
 - **End the underpayment for Medicaid and Medicare services.**

Economic Analysis of the New York Health Act

An Overview (cont.)

New York Health would be funded by assessments on payroll and on non-payroll income (e.g., capital gains, dividends and interest). These would be graduated according to income, reducing the burden on the sick, the poor, and the middle class. Employers would pay 80 percent of the payroll assessment; employees would pay 20 percent. The largest savings would go to working households earning less than \$75,000. Over 98% of New York households would spend less on health care than they now spend.

Savings through New York Health vs Employer-based Health Insurance						
Annual Income	Cost under NY Health		Average Saving for Individual Coverage		Average Savings for Family Coverage	
	Employer	Employee	Employer	Employee, including cost of deductible	Employer	Employee, including cost of deductible
Less than \$25,000	\$0	\$0	\$4,865	\$2,403	\$13,298	\$6,505
\$50,000	\$1,800	\$450	\$3,065	\$1,953	\$11,498	\$6,055
\$75,000	\$4,000	\$1,000	\$965	\$1,403	\$9,298	\$5,505
\$100,000	\$6,400	\$1,600	-\$1,535	\$803	\$6,898	\$4,905
\$200,000	\$17,600	\$4,400	-\$12,735	-\$1,997	-\$4,302	\$2,105
\$400,000	\$43,200	\$10,800	-\$38,335	-\$8,397	-\$29,902	-\$4,285

Notes:

NYHealth payroll assessments <\$25K 0%, \$25K-50K 9%, \$50K-75K 11%, \$75K-100K 12%, \$100K-200K 14%, over \$200K 16% from Economic Analysis of New York Health Act, by Gerald Friedman
 Average New York individual premium = \$6,156
 Average New York family premium = \$17,530
 Average New York employee premium contribution, individual = \$1,291, average deductible, individual = \$1,112
 Average New York employee premium contribution, family = \$4,232, average deductible, family = \$2,273
 (All figures from Medical Expenditure Panel Survey, AHRQ/DHHS 2013)
http://meps.ahrq.gov/mepsweb/data_stats/state_tables.jsp?regionid=26&year=2013

Savings through New York Health vs Health Insurance bought on ACA Marketplace (NYState of Health)						
Annual Income	Estimated ACA premium tax credit		Cost of ACA Silver Plan w/dental & deductible after ACA premium tax credits		NYHealth savings	
	Individual	Family*	Individual	Family*	Individual	Family*
Less than \$25,000	\$2,751.00	N/A Medicaid	\$4,403	N/A Medicaid	\$4,403	N/A Medicaid
\$50,000	\$0.00	\$9,374.00	\$7,154	\$9,314	\$4,904	\$7,064
\$75,000	\$0.00	\$5,544.00	\$7,154	\$13,144	\$2,154	\$8,144
\$100,000	\$0.00	\$0.00	\$7,154	\$18,688	-\$846	\$10,688
\$200,000	\$0.00	\$0.00	\$7,154	\$18,688	-\$14,846	-\$3,312
\$400,000	\$0.00	\$0.00	\$7,154	\$18,688	-\$46,846	-\$35,312

Note:

ACA Silver Plans, adult w/dental, NYC = \$5,154 avg premium (\$429.50/mth) + \$2,000 deductible
 ACA Silver Plans, family w/dental, NYC = \$14,688 avg premium (\$1,224/mth) + \$4,000 deductible
<https://nystateofhealth.ny.gov/individual/searchAnonymousPlan/search>
<http://kff.org/interactive/subsidy-calculator/#state=ny&zip=10024&income-type=dollars>

*Family defined as 2 adults and 2 children under 19 years of age
<http://info.nystateofhealth.ny.gov/calculator>