Hunger Action Network of New York State
Health Budget Hearing Testimony to the Joint Hearing of the
NYS Assembly Ways and Means Committee and the Senate Finance Committee
by Susan Zimet, Executive Director
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Hunger Action Network of New York State is a statewide membership organization of direct food providers, advocates and other individuals whose goal is to end hunger and its root causes, including poverty, in New York State. The dire straits confronting so many low-income New Yorkers highlights the need for the state to both strengthen the safety net and help create new jobs.

Increase Funding for the Hunger Prevention and Nutrition Assistance Program to $51 Million

The Governor has proposed that overall funding for emergency food in the state budget for 2015-16 be increased to $3.25 million. He has proposed increasing funding for the Hunger Prevention and Nutrition Assistance Program to $34,457,000 million, about a $6 million increase. However, he has eliminated two funding allocations for emergency food (food banks) from OTDA's budget which totaled $2.75 million.

Hunger Action Network and the Food Bank of New York City support HPNAP funding of $51 million. This figure was calculated by the Food Bank based on their examination of the increase in poverty and food costs in the state over time. The Food Bank's calculation took into account for the increase in the number of New Yorkers in poverty since the start of the recession (19%), the increase in the cost of food since then (also 19%), and to correct for the inadequacy of the existing supply (a 31% adjustment).

This figure however is significantly less than if the funding was simply increased to reflect the increase in the number of people being assisted by emergency food programs (EFPs) since the Great Recession started. The number of New Yorkers using food pantries and soup kitchens has doubled since the Great Recession started in 2007, yet state funding for emergency food has remained largely the same while federal funding has decreased. In a statewide survey of EFP guests that we did 2 years ago for our 30th anniversary, more than 2/3 of the food pantries and soup kitchens reported a drop in food donations. Yet 89% reported that they served more people last year, with food pantries reporting an 8% increase and soup kitchens 2%. 40% of the programs reported that they turned people away at some point; this number is higher in NYC.

According to the US Conference Mayors, more than 40% of the guests of emergency food programs are the working poor - meaning they don't earn enough to escape poverty or pay for basic necessities. In our recent survey, the programs reported an increase in the working poor and seniors coming for help. Seniors now make up 20% of EFP guests. (Nationwide, 1/3 of EFP households receive income from social security and 20% from SSI.) About 1/3 of EFP guests were children.

The Governor cited poverty statistics in his State of the State. According to 2012 U.S. Census data, New York's poverty rate is 15.9 percent. The statewide family poverty rate is 12.2 percent, as of 2012, an increase from 10.3 percent in 2007, per the Fiscal Policy Institute. Statewide, 23 percent of New York State children live in poverty as of 2013, according to Annie Casey Kids Count.

A majority of children in the cities of Rochester (53.9%), Syracuse (53.0%) and Schenectady (50.8%) "officially" live in poverty. USDA estimates that 14.0% of the state's residents are food insecure, with 5.2% very low food insecure.

In addition, there was a significant cut in food stamp (SNAP) benefits in November 2013. As a direct result of the SNAP cuts, 92.9 percent of New York City food pantries and soup kitchens reported that the cuts had "increased the number of our clients and/or increased the food needs of our existing clients," according to a survey by the NYC Coalition Against Hunger. The 1.7 million households in NYS on food stamps lost an average of more than $200 in food benefits during the year. Federal payments to SNAP participants (i.e., lost food purchasing power) has declined by more than $400 million in the last year. The state's emergency food programs can not make up the difference.

Nationwide, of the number of people receiving assistance from charitable food programs in 2010, 42% are black, 27% are Hispanic, 23% are white (Hunger in America 2010. Feeding America)

Feeding America does regular surveys of hunger through their national food bank network. Some findings about EFP guests from their 2010 report:

- 70% of households have incomes below the federal poverty line.
- The average monthly income for client households is $940.
- 79% of households report incomes below the official federal poverty level; 88% of clients report income in the prior month below 130% of poverty, the eligibility level for SNAP; 96% report incomes below 185% of the poverty level.
- 31% of households report receiving Social Security benefits and 18% report receiving federal Supplemental Security Income (SSI)
- 10% of client households are homeless.
- More than one-third of client households report having to choose between food and other basic necessities, such as rent, utilities and medical care.
- 41% of client households are receiving SNAP (formerly food stamps) benefits, an increase of 64% over 2006.
- 68% of pantries, 42% of soup kitchens, and 15% of emergency shelters rely solely on volunteers and have no paid staff.

Increase Other Funding for Food in State Budget

While not part of the health budget, we wanted to state our support for other increases in funding for food and anti-hunger programs in the state budget, including increasing funding for state supplement to WIC (Women, Infants and Children); school meal reimbursement; and for the WIC and Seniors SNAP supplemental coupon programs.

The Governor announced in his State of the State that he would continue $350,000 in funding for the FreshConnect farmers' market program, which benefits farmers and consumers alike by awarding competitive grants to create and expand farmers' markets in underserved communities throughout New York. He also wants $250,000 to supplement federal subsidies for food at child and adult care programs, as well as $250,000 for the Farm to School program, which would promote the purchasing of food from local farmers by school districts, while expanding access to healthy foods for students. We support such efforts and hope that the legislature will allocate additional funding above what the Governor has requested.

Make Health Care A Right in NYS Through Single Payer Health Care

Hunger Action Network represents the state's three thousand emergency food programs and the three million guests they help feed on an annual basis. The solution to hunger is not more food pantries and soup kitchens feeding more people but rather eliminating the reasons that force people to seek help in feeding their families. There are three big bills that drive people to EFPs: high rent, high utility bills, and high health care bills.

Hunger Action Network was also a co-founder of Single Payer Network, a network of community groups, health care, labor, and faith organizations working to pass single payer at the national and state level.

Over the years we have applauded the efforts by the Assembly to expand access to Medicaid and to create programs such as Child Health and Family Health Plus. But it was not enough. We need a health care system which provides quality health care to everyone, with no exceptions or exclusions. And with no co-pays, no deductibles, no premiums.

And while there were a number of good parts to the Affordable Care Act, it also is not enough. One of the reasons why Hunger Action Network opposed the drive to turn national health reform into an insurance mandate was because we had seen how a similar effort in our neighboring state of Massachusetts had reduced access to health care for low-income people.

A significant problem with mandating that individuals obtain health insurance is that it promotes poor quality health insurance. Many, if not most, workers are already living from pay check to check. Mandating additional costs into a budget that is already stretched to the maximum forces them to seek the cheapest plan possible, providing the least comprehensive coverage while forcing them to cut back on other essential expenditures such as food, housing, utility bills, etc.

People who use our emergency food programs are ones who fall through the cracks in our society. If there is a provision in a program that enacts barriers to participants, our guests are the ones who are impacted. For instance, more than half of the people we feed do not receive food stamps even though virtually all of them pass the income test for it.

Many of our guests will not be able to afford to pay for subsidized health insurance. And if they spend their money on insurance rather than food and housing, they will not be able to afford the co-pays or deductibles. And when they get a big medical bill, they will find that their insurance will not pay for much of it, and they will go bankrupt.

The percentage of Americans with private health insurance who report putting off medical treatment because of cost has increased from 25% in 2013 to 34% in 2014. This is among the highest readings in the 14-year history of Gallup asking the question.http://www.gallup.com/poll/179774/cost-barrier-americans-medical-care.aspx We need to start putting patients over profits in order to have a health care system which will truly work for all New Yorkers. New York Health would have patient's needs as its first priority.

Single payer health care is increasingly supported by a majority of doctors and other health care professionals. National studies show that 59 percent of practicing physicians in the United States support similar legislation for national health insurance.

According to PNHP, administrative costs consume 31 percent of US health spending, most of it unnecessary. Medical bills contribute to half of all personal bankruptcies. Three-fourths of those bankrupted had health insurance at the time they got sick or injured. Eliminating health insurance nationally would save at least $400 billion annually. Americans pay the highest health care taxes in the world. Yet our health care delivery is rated among the worse compared to other industrial countries, with tens of millions of Americans still denied access to quality health care.

Upgrading the nation's Medicare program and expanding it to cover people of all ages would yield more than a half-trillion dollars in efficiency savings in its first year of operation, enough to pay for high-quality, comprehensive health benefits for all residents of the United States at a lower cost to most individuals, families

and businesses. That's the chief finding of a new study by Gerald Friedman, a professor of economics at the University of Massachusetts, Amherst. Friedman said the savings would come from slashing the administrative waste associated with today's private health insurance industry ($476 billion) and using bargaining muscle to negotiate pharmaceutical drug prices down to European levels ($116 billion).

Single payer also lower administrative costs at hospitals. A study of hospital administrative costs in eight nations published in the September issue of ***Health Affairs*** found that hospital bureaucracy consumed 25.3 percent of hospital budgets in the U.S. in 2011, far more than in other nations. Administrative costs were lowest (about 12 percent) in Scotland and Canada. U.S. Hospital administrative spending totaled $667 per capita in the U.S., vs. $158 in Canada, $164 in Scotland, $211 in Wales, $225 in England and $325 in the Netherlands.

The article attributes the high administrative costs in the U.S. to two factors: (1) the complexity of billing a multiplicity of insurers with varying payment rates, rules and documentation requirements; and (2) the entrepreneurial imperative for hospitals to amass profits (or, for nonprofit hospitals, surpluses) in order to fund the modernization and upgrades essential to survival. This entrepreneurial focus has reduced hospitals' efficiency, driving them to divert personnel and dollars to marketing, to cherry-picking profitable patients and services (and avoiding unprofitable ones), and to expensive computer systems and consultants to game the payment system.

New York and the US are already paying for universal health care – we are just not getting it. The amount of funds we spend on Medicaid and Medicare alone is more than any other country spends in total to provide quality health care for all. We don't need more money for health care. We need more health care for the money we are already spending.

Increases in health care costs are a drag on economic growth: they thwart job growth, suppress increases for current workers, weaken the viability of pension funds, and depress the quality of jobs. Rising health care costs are also causing budgetary problems for federal and state governments, who are currently paying over 50% of the US health care bill.

The lack of universal health care system contributes to a myriad of problems: disparity in receiving health services; increased costs throughout the health care system for government, consumers and employers; high workmen compensation costs; high automobile insurance rates; high medical malpractice costs; increased diversion of individuals with substance abuse and mental health problems into the criminal justice system; high local property taxes; high infant mortality rates etc.

The Affordable Care Act is making some important repairs to our broken health care system. But the sign-up process is complicated. Many health plans have narrow restricted provider networks, and high deductibles and co-payments that shift a large part of the cost of care to the individual. Employers are continuing to drop coverage of their employees or shift more cost to them. The root cause of these problems, and the basic flaw of the ACA, is that it leaves insurance companies in charge — with high premiums, high deductibles, and co-pays; too much control over which doctors or hospitals we can go to and what care they can provide; and high administrative costs. The exchanges are so complicated because the system requires means testing to see who is eligible for Medicaid or subsidies, and then requires people to select from multiple plans.

Many health plans have narrow restricted provider networks. The marketplace is so complicated because the system requires an income assessment to see who is eligible for financial assistance, and then requires people to select from multiple plans and "tier levels." Employers continue to shift more of the cost of coverage to their workers, or drop coverage entirely, a long-running trend before the new law.

<u>New York Health would help lower local taxes</u>

One of the principal reasons why New York has such high local property taxes is that counties and NYC are required to pay up to 25% of the cost of the Medicaid program. NY Health eliminates the local contribution to Medicaid. It would also reduce the cost of providing care to their own workers.

Like all employers, school districts would see the costs for providing health care to their employees reduced. Health care is often the second biggest expense for schools after salaries.

A Universal Health Care System would lower automobile insurance rates, Medical Malpractice and Workers Compensation.

Universal health care means everyone in. Leaving 5 to 10% of New York residents out of a health care system prevents significant savings in other parts of the economy that would result from a true universal system.

New York has the second highest auto insurance premiums in the state. Much of the , premiums go to pay for bodily injury. These payments would be substantially eliminated with a universal health care system since everyone's health care costs would already be covered.

A significant portion of any medical malpractice awards goes to ensure that the health care needs of the victims are met. Much of this would be already covered by a universal health care system.

A significant portion of workers comp awards go to pay for health care costs. This would now be already covered.