We can do better:

“New York Health Act” Can Bring Us All Better Health Care, Better Coverage, at Lower Cost

The Affordable Care Act made 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 employee coverage or shift more cost to them.

The problem is that the ACA 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. Even for New Yorkers with insurance, cost remains a significant barrier to care. One in three families with private health insurance had someone put off care in 2014 due to cost, often for serious medical conditions.

We can do better. Instead of patchwork repairs, we can cover everyone, provide better coverage without financial barriers to health care, and save over $45 billion annually. No deductibles or co-pays, and no restricted provider networks and out-of-network charges. How? Through universal comprehensive health coverage, like an improved version of Medicare for everyone.

Like many other key services, health care should be a basic right, not a privilege or a commodity.

Washington might not be ready to act, but individual states have long been the “laboratories of democracy.” In New York, Assembly Health Committee chair Richard N. Gottfried and State Senator Bill Perkins have introduced a single-payer bill called the “New York Health Act.”

A comprehensive study of the New York Health Act done by Prof. Gerald Friedman, chair of the Economics Department at the University of Massachusetts at Amherst, shows that New York Health would save $71 billion a year: $26.5 billion by eliminating private health insurance administration and profit; $20.7 billion by reducing health care provider administration of health insurance claims; $2 billion by eliminating employer administration of health benefits; $5.4 billion by reducing fraudulent billing; and $16.3 billion by capturing savings from overpriced drugs and medical devices.

New York Health would use $26 billion of the savings to pay for increased coverage and increased utilization, pay health care providers fairly and retrain displaced workers.

That would leave net savings of $45 billion -- $2,200 per New Yorker.

Here’s how it would work.

It would provide comprehensive, universal health coverage for every New Yorker and would replace private insurance company coverage. You and your health care providers work to keep you healthy. New York Health pays the bill.

1. Freedom to choose your health care providers. There would be no network restrictions. Only patients and their doctors – not insurance companies – would make health care decisions.

2. Comprehensive coverage. All New Yorkers, regardless of immigration status, would be covered for all medically necessary services, including: primary, preventive, specialists, hospital, mental health, reproductive health care, dental, vision, prescription drug, and medical
supply costs – more comprehensive than commercial health plans.

3. **Paid for fairly.** Today, insurance companies set the same high premiums, deductibles, and co-pays, whether it’s for a CEO or a receptionist, and a big successful company actually pays less than a small new business. Under New York Health, individuals and employers would not pay premiums, deductibles and co-pays.

Instead, coverage would be funded through a graduated assessment on payroll and non-payroll taxable income, based on ability to pay. For 98% of New Yorkers, it will be a substantial reduction in what they now spend. Prof. Friedman estimates that there would be savings for New Yorkers with incomes up to $400,000, with the biggest share of savings going to middle-class families.

4. **Less administrative waste, better care, more accountability.** The total cost would be $45 billion less than what we now spend, because we wouldn’t be paying for huge insurance company administrative costs and profits or for the costly time and paperwork health care providers spend for dealing with insurance companies. Health coverage would be accountable to the people of New York, not to insurance company stockholders.

5. **Job-friendly.** Health care costs are a significant and unpredictable problem for business. These costs as a share of payroll have increased 50% in a decade, with small group rates increasing almost 7% on average in 2014, and New York businesses spend over $2 billion annually just to administer health benefits. The New York Health Act simplifies and reduces costs for employers – large and small – by taking them out of the business of buying health coverage. That would make New York dramatically more job-friendly, especially for small businesses, start-ups, low-margin businesses, local governments and taxpayers, and non-profits.

6. **The most affordable way.** Any plan that keeps insurance companies in the picture means wasting close to $50 billion a year. The cost of eliminating financial barriers to health care and providing universal coverage would be more than offset by savings on administration and through negotiated pricing for pharmaceuticals and other services.

Support is growing for this common sense approach. A report by the non-partisan organization Public Citizen shows how a state single-payer plan can be enacted even with federal laws like the ACA and Medicare.

The New York Health Act has been endorsed by a long list of organizations, including the New York State AFL-CIO, 1199 SEIU, the New York State Nurses Association, 32BJ SEIU, NYS United Teachers (NYSUT), United Federation of Teachers (UFT), UFCW Region 1 and Local 1500, Communications Workers of America District 1 and Locals 1103, 1104, 1120 and 1180, United Auto Workers 9 & 9A, Amalgamated Transit Union Local 1056 and 1179, the Retail, Wholesale & Department Store Union (RWDSU) UFCW and RWDSU Local 338, the Doctors Council SEIU, the Committee of Interns and Residents SEIU, United University Professions, IATSE Local 1, Utility Workers of America Local 1-2, Teamsters Joint Council 16, Machinists District 15, the Working Families Party, the Green Party, Citizen Action, League of Women Voters, Make the Road/New York, New York Communities for Change, the New York Immigration Coalition, the New York State Academy of Family Physicians, the New York State American Academy of Pediatrics, and the Public Health Association of NYC (PHANYC), the New York State Black, Puerto Rican, Hispanic and Asian Legislative Caucus, and 98 state legislators.

The Affordable Care Act and New York’s health benefit exchange are cleaning up some of the damage caused by the way we pay for health care. But it’s time to truly fix the system.

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The “New York Health Act” is sponsored in the Assembly by Health Committee chair Richard N. Gottfried (A.5062) and in the Senate by Bill Perkins (S.3525). For the full text of the bill, see below or go to [http://public.leginfo.state.ny.us](http://public.leginfo.state.ny.us) and type: a5062.

For more information, e-mail: GottfriedR@assembly.state.ny.us.
FAQs

Q: Doesn’t the ACA fix health care?
A: The Affordable Care Act is making insurance available to more people. But it leaves insurance companies in charge. Many more health plans have narrow restricted provider networks, rising premiums, high deductibles and co-payments that shift a large part of the cost to the individual too much control over which doctors or hospitals we can go to and what care they can provide, and high administrative costs and profits. 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 – even before the new law.

Q: Won’t New York Health be just like every other health plan, only bigger and more powerful?
A: Not at all. By law, it will not limit who you can go to for care and will not dictate health care decisions. Financial barriers won’t limit your ability to get care when you need it. Because wealthy and well-connected New Yorkers will be in the same plan with the rest of us, you can be sure it will be a better plan – better for patients and for health care providers.

Q: Won’t this be a huge new tax increase?
A: Our total price tag will go down by $45 billion, because we won’t be paying for insurance company middlemen or health care provider costs for dealing with them, and save through State bargaining for reduced pharmaceutical and equipment prices. We won’t be paying for premiums, deductibles, co-pays, and out-of-network charges. Property taxes will go down because local governments won’t pay for Medicaid and health care for their employees will be cheaper. The bottom line is New Yorkers will have more money in our pockets and better health care for our families, and the assessments that pay for the plan will be based on ability to pay.

Q: Can I buy private insurance?
A: Private insurance that duplicates benefits offered under New York Health could not be offered to New York residents. But a private market will remain for coverage of benefits that might be outside the NY Health program, like purely cosmetic surgery.

Q: Is long-term care covered?
A: Long-term care (e.g., home health care, nursing homes) will be covered, but the specifics are to be developed later.

Q: What about retiree health benefits?
A: Most retirees will simply be covered by New York Health, plus Medicare. A plan will be developed to deal with retirees who move out of state.

Q: What if a person moves out of state?

Q: What if a person is temporarily out of state and needs care?
A: New York Health will pay for health care while a New York resident is temporarily out of state and needs health care there. It will also pay if there are special reasons why someone needs health care from an out-of-state provider.

Q: How will this affect union health plans?
A: New York Health will be at least as comprehensive as any employer- or union-sponsored coverage, with no deductibles, co-pays or limited networks. Instead of negotiating for health benefits, unions will be able to put all their efforts into negotiating for higher wages and other issues. Unions that have negotiated low or zero worker contributions to a health plan will negotiate the same arrangement for the worker share of the payroll assessment. Union-sponsored clinics will be able to continue serving union members – and anyone else – and be paid by New York Health.

Q: How much will doctors and hospitals get paid?
A: New York Health will set up payment systems (hopefully moving away from the fee-for-service model that just rewards volume, not value) and levels of payment. Health care providers will be allowed to form organizations that will collectively negotiate with the plan over payment and other issues. The most important guarantee that payments will be adequate is that all New Yorkers – rich and poor alike – will be in the same publicly-accountable plan. Savings from reduced administrative costs will be used to bring up rates for providers who are currently undercompensated for Medicaid patients.

Q: What doctors and hospitals will I be able to use?
A: There will be no restricted network of providers. Every health care provider in the state will be able to participate, and patients can go to whichever provider they choose.

Q: Will doctors and hospitals be required to participate?
A: No. However, there would be no other insurance coverage to pay a non-participating provider.

Q: Will doctors and hospitals be able to charge more than New York Health will pay for specific services?
A: No. If a provider is paid by New York Health, the patient may not be charged more (no “balance billing”).

Q: How much will we have to pay for New York Health coverage?
A: The average family will pay a lot less than we do now. The total cost of coverage will go down because we won’t be paying for administrative costs and profit that eat up almost $50 billion a year. Basing the assessments on the ability to pay means less of a burden on most households and most employers – especially small businesses and start-ups. That means more money in our pockets for 98% of New Yorkers – those making up to $400,000 annually – with the biggest share going to middle-class families.

Q: What part of the assessment will my employer pay?
A: Employers pay at least 80% of the assessment on payroll, and employees up to 20%. Employers can agree to pay all or part of the employee’s share (e.g., through collective bargaining).

Q: My employer now pays the whole premium for my coverage. Will I now have to pay 20% of the payment?
A: Employers can pay all or part of the employee’s share, just as they can now for premiums. It will be easier to bargain to get them to do that, since the total cost will be less than it is now.

Q: What if I am self-employed or a sole proprietor?
A: You will pay the entire contribution, just as you now pay your whole insurance premium.

Q: What about Workers Compensation costs and benefits?
A: Right now, the bill does not change Workers Comp. But the New York Health plan will develop a proposal to move work-related health care costs into New York Health, and consider whether there should be an experience-rating charge to employers to encourage workplace safety.

Q: I have a good health plan. Why would I want to trade it for New York Health?
A: New York Health will upgrade everyone with better and more comprehensive coverage with full choice of providers, and will save families thousands of dollars in premiums, deductibles, co-pays.

Q: Is universal health insurance “socialized medicine”?
A: No. New York Health would not tell your doctor or hospital how to care for you, and they would not be working for the government. That would be “socialized medicine.” New York Health just pays the bills. Like Medicare, which is public health coverage but is not “socialized medicine.”

Q: Won’t this result in rationing and long waits like in Canada?
A: No. In the U.S., deductibles, co-pays, and restricted networks are all forms of rationing, even if we don’t call it that. One in three families with health insurance had a family member put off care in 2014 due to cost. In traditional Medicare – a single-payer system – there is no rationing or delaying care.

Canada’s single-payer system doesn’t ration health care. There have been delays in getting some services in Canada, but not because their health plan doesn’t provide excellent coverage. It’s because of management issues in their delivery system, largely because it’s hard to maintain high-volume hospitals in a country with a small population spread out over huge distances.

Q: Who will run the health care system?
A: Under New York Health, patients and their health care providers will be in charge. Today, our health care is largely controlled by our insurance companies, which tell us who we can go to for care and what services they will pay for. There will be none of that in New York Health. There will be no limited provider networks. You choose your doctor or hospital. You and your health care providers make the health care decisions. New York Health just pays the bill.

Q: Wouldn’t it be better to have a national system? Why should New York be doing this?
A: It would be great to have truly universal coverage in every state. But we can’t wait for Washington. A progressive state like New York can and should take the lead. The states have long been the “laboratories of democracy,” and the Affordable Care Act gives states new authority to set up their own health care systems that meet Federal goals. Given the current makeup of Congress, it’s also unlikely that any major national health care legislation will be enacted in the near future.