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PRESS RELEASE

Statement in Opposition: A.4738 (Gottfried) /S.4371 (Perkins) provides for establishment of the New York Health plan

*From Pamela Reese Finch, Executive Director
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ALBANY - Today backers of single-payer health care are rallying for a bill that we already know New York State cannot afford. Assemblyman Richard Gottfried's bill to establish the New York Health plan - a proposal he has sponsored annually for the past 25 years, would eliminate private health insurance coverage and instead require everyone receive "one-size-fits-all" medical coverage from a single vendor - New York State.

New York is not the first state to consider a single-payer system and each time it has failed for the same reason - the astronomic cost. It's the reality proponents continue to ignore. Funding for the New York Health plan would come from a combination of new and existing taxes. In a report titled, *The Price of Single Payer: A Fiscal and Economic Analysis of the New York Health Act*, "policy analyst Avik Roy stated that the New York Health plan "would require approximately **\$226 billion in new tax revenue per year**, nearly quadrupling the state's tax burden and leading, at minimum, to **the loss of 175,000 jobs**, as high-wage, high-value industries move to neighboring states."

Roy concludes what's been known for years. Single payer coverage is too expensive.

- In November, Colorado voters overwhelming rejected plans for a single payer system, which Bloomberg News reported had an estimated cost of more than 140 percent of the total state budget.
- Vermont passed the nation's first law to establish a state-level single payer health care system in 2011 and abandoned the plan three years later, with then Governor Peter Shumlin stating "the potential economic disruption and risks would be too great to small businesses, working families and the state's economy."

New York companies paid \$69 billion in total business taxes, second highest in the nation according to a 2015 report prepared by the Quantitative Economics and Statistics (QUEST) practice of Ernst & Young LLP in conjunction with the Council On State Taxation (COST). The Legislature should not increase business taxes even more. Small businesses are vital to the state economy and employer-sponsored coverage helps small businesses attract and retain skilled employees. Health care costs should be controlled, but single payer is not the right solution. The Legislature should instead consider these alternative forms of relief:

- **The Health Care Reform Act (HCRA)** levies more than \$4.6 billion in taxes, fees and assessments on health insurance premiums. HCRA taxes were intended to support hospitals in providing free care for the poor and uninsured and offset the cost of training for new physicians. Today much of that money is allocated to the state's general revenue stream and used to fund programs unrelated to health care. Phasing out HCRA surcharges would save hundreds of dollars a year for every New Yorker with health insurance, offering tangible relief that makes health insurance premiums more affordable.
- **Transparency in pharmaceutical costs** would address the fastest growing segment of the health care system. According to the Health Care Cost Institute, consumers utilized 15.5 percent fewer brand name prescriptions last year, but the average price paid still rose 21.2 percent. Current pricing trends are unsustainable. Reducing these costs would have a significant impact on the overall cost of health care.
- **Stop passing health insurance mandates.** According to the Empire Center, so far this year the state Legislature has introduced more than 90 health insurance proposals requiring health insurers to cover specific treatments and services. Existing mandates constitute more 12.2 of an individual's total premium costs. Stopping the passage of mandates or at the very least, determining in advance the cost and medical necessity, will reduce costs.

New York cannot afford to implement a single payer system. It is time to focus on real solutions that not only reduce costs but also support the state's small business community.