

September 27, 2017

Letter to the Editor regarding a Single Payer Health Care System

In recent weeks, New York State's leadership has proposed areas of health insurance reform that would have a detrimental impact on the small business community. Governor Andrew Cuomo rallied behind the idea of a single-payer system, while the Legislature has introduced a bill that would expand prostate screenings.

Meanwhile, according to the Department of Financial Services, in 2018 New York's health insurance premium for individuals will increase an average of 13.9 percent and while small group policies will increase an average of 9.3 percent. Creating a single payer system or adding another mandated benefits are clearly the wrong way to go if the end game is to reduce health insurance costs.

According to the Commonwealth Fund, "if annual premium growth slowed by one percentage point, by 2020 employers and families would save \$2,029 annually for family coverage." (State Trends in Premiums and Deductibles, 2003–2011: Eroding Protection and Rising Costs Underscore Need for Action.) There are several viable ways that lawmakers could create a minimal reduction.

The most obvious cost-saving measure is to refrain from passing any new mandates. Each health insurance mandate (or law that expands coverage for a select group of providers or consumers) incrementally increases the cost for every consumer. New York presently requires every state regulated policy to include nearly three dozen mandated benefits — in addition to the "basic benefits package" required by the Affordable Care Act. While it is doubtful that lawmakers will eliminate the state's existing mandated benefits, they can certainly stop passing anything new.

The Legislature should phase out the 20-year-old Health Care Reform Act, which imposes taxes, fees and assessments that cost New Yorkers of every income \$5.5 billion each year. The revenue was originally generated as a way to subsidize hospitals for providing free care for the poor and uninsured and for training new physicians. New York's Empire Center reports that in the decades since inception, HCRA has grown into the state's third largest tag. Eliminating HCRA surcharges would save every New Yorker hundreds of dollars per year.

Address the underlying problem to keep health care costs in check: According to the state's own admission drug costs account for 26 percent of all medical costs in the 2018 individual premiums. Inpatient hospital costs account for 19 percent of medical expenses, followed by physician specialty services (12 percent) and diagnostic testing/lab/x-ray (10 percent).



A new delivery system or another mandate will make the problem worse. It's time to stop making headlines and give premium payers financial relief through existing solutions.