

**Public Hearing:
The New York
Health bill to
create state
single payer
health coverage**

January 13

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Testimony of Larry Teal, CPA, Owner of
Accounting for All Accounting and Tax Services
in Clifton Park, NY & Chair of the Employer
Alliance for Affordable Health Care

Legislative Office
Building, Hearing Room B
Albany, NY

Thank you for the opportunity to speak today. My name is Larry Teal and I am the co-owner of Accounting for All – a CPA firm located in Clifton Park. Our firm is focused on providing accounting and tax services to small businesses in the Capital District. Today I am here as chair of The Employer Alliance for Affordable Health Care. Founded in 1997, the Employer Alliance is the largest, single-issue grassroots business coalition in New York State. We have more than 3,000 small business owners and sole proprietors as our members. Our members believe that reducing health care costs is necessary to ensure that everyone has access to basic, affordable health care. We continue to advocate for affordable health insurance and focus on changes that can be easily, and cost effectively achieved without causing additional harm. Once again, we ask that before you move ahead with a single payer system, that you consider the burden that such a change will have on small businesses.

My business, Accounting for All, provides my health insurance as well as my employees' health insurance. My premiums have increased no less than 10% each year for as long as I can remember and federal health care reform has done nothing to change that other than increase my out of pocket expenses. Many of my business clients find it difficult to obtain coverage that would be considered truly affordable. I understand the challenge on many levels, as both a consumer and as someone who is responsible for helping my clients comply with the new federal laws.

I appreciate your dedication to seeking solutions to the New York State health care dilemma. However, a single-payer system will not address the underlying problem that contributes to high premiums. If we truly want to reduce health insurance premium costs, then we must look for ways to reduce the true cost of health care.

Shortly after your public hearing in Binghamton, I received the following letter from Dale Gregory. Mr. Gregory is the president of Three Arrows Corporation, a manufacturing company in Binghamton. He writes: "A single payer system is not now, nor was it ever, a responsible solution to the cost of health care. In too many of the models, the real problem – the cost of health care – is not addressed. All that is discussed is the shift of cost from one segment of society to another."

Indeed, one of the recent criticisms of federal health care reform is the fact that while more people are accessing coverage, the cost of providing this coverage has been shifted to the taxpayers. As Mr. Gregory has said, the single payer solution would be paid for with a new tax on businesses. Small businesses are the engine of job growth and just can't take any more taxes. My clients are small businesses with employees such as restaurants, landscapers, contractors and day spa's. If they are successful, they earn \$75,000 to \$100,000 per year after expenses. At this level of income they are in the 25% federal tax bracket and the 7% state tax bracket. But as sole proprietors, they are also subject to the 15.3% self-employment tax. So for the risk they take of being a business owner with no guaranteed compensation, they pay over 47% of their net income in taxes and additionally must pay 100% of their own health insurance and fund their own retirement.

The impact that businesses would face in paying for a single payer system was recently recognized in the state of Vermont. Last month Governor Peter Shumlin admitted that the state could not move toward a publically-financed health care system because of the high costs, which included an 11.5 percent payroll tax and a premium assessment of up to 9.5 percent on a resident's individual income.

These findings mirror what our members have said all along – when it comes to financing any type of health care system, small businesses always pay more than their fair share and these high costs do have an impact on the New York State economy.

Yes, our current health care system should be reformed. Extraordinary pharmaceutical costs, as well as fees, taxes and assessments applied to health care services all contribute to premiums and out-of-pocket costs that consumers must pay. Meanwhile, in other states, studies have shown that something as simple as making the cost of hospital procedures available ahead of time not only empowers consumers, it directly reduces costs.

As recent revelations in Vermont have shown, scrapping our current system in favor of the single payer model is not the answer. Instead of revamping the entire health care system, we need leadership that gets to the root of the problem.

We encourage you to address the following agenda to provide a practical, workable solution to reduce the overall cost of health care:

✓ **CONTROL PHARMACEUTICAL COSTS**

The increasing cost of prescription drugs is a major driver behind the growth in health care spending. 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. These current pricing trends are unsustainable – as illustrated by the newly-approved treatment for hepatitis C. The new treatment, Harvoni, carries a price tag of \$1,125 per pill or \$94,500 for the prescribed 12-week course. Reducing these costs could have a significant impact on the overall cost of health care.

✓ **NO MORE FEES, TAXES OR ASSESSMENTS, ESPECIALLY THOSE WITH NO DIRECT IMPACT ON HEALTH CARE**

The added costs that are placed on health insurance carriers result in increases to consumers. The New York State Health Care Reform Act specifically imposes numerous “surcharges” on health insurance including the Covered Lives Assessment and Patient Services Assessment. A fee

by any other name still creates hardship for consumers.

✓ **MEDICAL COST TRANSPARENCY**

Research shows that in states where price data was made available ahead of time, the end result was reduced health care cost without any negative impact on patient care. New York must establish protocol requiring hospitals and health care providers to disclose the cost of their services up front.

✓ **FINALIZE THE HEALTH CARE QUALITY & COST CONTAINMENT COMMISSION**

Established in 2007, the commission will review any proposed mandated health insurance benefits to provide an objective “cost-benefit analysis” before legislative action would be taken on specific proposals. Now that health insurance coverage is dictated by the basic benefits package, this commission is an even greater propriety, as any coverage changes could ultimately impact both consumers and taxpayers.

Assemblyman Gottfried, as New York progresses in this new era of health care, we must continue to find ways to support the business community and the critical role that it plays in supporting New York’s economy. We look forward to working together to create a more sensible and rational healthcare system.

Thank you.