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Testimony for the
Assembly Committee on Health
Public Hearing on
"The New York Health Act"

May 28, 2019
10:00 AM
Hearing Room A
Legislative Office Building
Albany, NY 12248

Chairmen Gottfried and Rivera and other honorable members of the Assembly and Senate Health Committees, thank you for conducting public hearings on this most important topic and for allowing me the opportunity to present my perspective today. My name is Marc Price. I am a Family Physician who practices medicine in Mechanicville, New York. I am currently President of the New York State Academy of Family Physicians (NYSAFP), represents nearly 6,000 physicians, residents and medical students in family medicine across the State.

NYSAFP has studied various system to provide universal coverage while controlling costs. We have concluded that single payer is the best path towards achieving universal health care for all New Yorkers. We are the first physician organization to publicly endorse the Single Payer concept, and we are confident it is the best way to control costs and insure long-term universal and comprehensive coverage. The simple truth is that if we simply continue to tinker with the current system of cost control and administrative excess, then we will not be able to sustain the costs of fundamentally sound health care let alone the cost of innovative therapies of the future. Moving to universal coverage is a big step. The current system is failing; we should not waste resources making it a bigger failure.

Instead, we should enact comprehensive reform as provided by the "New York Health Act." It will achieve universal coverage, improve the efficiency and quality of the health-care delivery system, control the cost of health coverage, distribute the cost of health care fairly and equitably, improve the state's economy and the competitiveness of its businesses, and promote the viability of health care providers. The Single Payer is the best approach for achieving all these objectives; no other approach comes close. Yes, tax dollars will increase significantly, but those increases are more than offset by the elimination of extremely expensive health insurance premiums

Key Components of the Program

Statewide Health Care Budget. We support a Single Payer model that creates a Statewide health care budget. This mechanism will constrain costs and allow for system-wide projections of anticipated resource needs, revenues and expenditures. For the first time, the public and providers will be asked to examine whether the growth in the system is in line with ~~available resources. The Single Payer will create public accountability for~~ *all* health care expenditures. Under the current system, no accountability exists at that scale or magnitude.

The Federal Center for Medicare and Medicaid Services determined that New Yorkers spent about $238 billion on health care in 2018. This includes all public and private insurers, the self-insured, providers, and consumers, it includes everyone. This spending was not determined through planning or agreement on a Statewide health care budget. In other words, the amount that was expended became our budget…not *before* but *after* the fact. For 2019, whatever will be spent is what our budget will be…a projected $250 billion but we won't know until well after the year is over. Imagine if your own household or business budget was created this way…whatever you expended is your budget; you don't think ahead, plan ahead, or enforce your pre-determined limits, you just spend. Small wonder we have trouble controlling costs in our current multiple-payer system.

Enforcing the Health Care Budget. Once the budget is adopted, the Single Payer has the capacity to monitor all sectors of the health care system to ensure they operate within the budget because it is the only payer. All claims, bills, and payments are processed by it. If expenditures begin to rise faster than what is budgeted, a Single Payer has the capability, for example, to trim reimbursement amounts temporarily until expenditures will not exceed budget targets. Alternatively, it could negotiate a deficit reduction plan in bargaining with providers for the following year's budget. The

Single Payer is the only mechanism that has the effective authority to control annual medical care inflation.

Our current multiple-payer system is incapable of setting and effectively enforcing a Statewide health care budget. It is simply unrealistic to expect hundreds of private and public insurers and thousands of self-insured employers to annually reach agreement on a budget of several hundred billion dollars and to also agree on rules to implement it.

Collective Bargaining. Collective bargaining is a fundamental feature of The New York Health Act. This legislation affords physicians and other providers a new right to collectively bargain with the Single Payer on not only reimbursement issues but other terms and conditions of care. Collective bargaining is an ideal element of a Single Payer system because the Single Payer is also the single purchaser of health care. Collective bargaining is a fair, reasonable and proven principle of our capitalist economic system. It assures an equitable and rational mechanism for identifying and addressing the major issues and opportunities confronting our health care system.

Negotiations can include ways to slow down rising medical care inflation as discussed earlier. Negotiations can also include ways to share savings when a surplus occurs. This arrangement encourages doctors to be prudent stewards and to make sure their colleagues are as well because any doctor performing unnecessary procedures will be taking money away from colleagues. A Single Payer can compare physicians' use of tests and procedures to their peers with similar patients. A physician who is "off the curve" will stand out.

But, collective bargaining should focus on more than just reimbursement levels and models. It also includes items such as Continuing Medical Education costs, a health information technology subsidy for purchase of software and hardware, reimbursement for re-location costs to high-need areas, paperwork burdens, payment for completing forms or negotiating the introduction of new forms, and incentives to address major public health issues such as obesity or tobacco or to coordinate complex cases. Collective bargaining can also provide a forum for analyzing medical mistake to help providers learn from and prevent mistakes.

Eliminating Administrative Waste and Costs. Our current multiple payer system is extremely inefficient and wasteful. Research has established that implementing a Single Payer system would reduce the current cost of health care by as much as 25% simply by eliminating duplicative administrative

costs associated with multiple payers. It would replace a fragmented payment system with all its redundant forms, rules and procedures and thereby reduce the associated administrative bureaucracies of insurance plans and health care providers. Even a conservative estimate places the savings at $15 billion – $20 billion of our $250 billion system, a savings of about 6% - 8%. Most likely these dollar estimates are very low.

Where is this waste and cost? Obviously, part of it is in the insurance industry. Individual insurers require providers to comply with their own rules to obtain permission to provide care or to obtain payment. Providers typically do business with many insurers and, therefore, must have staff who can learn the rules of several insurers to facilitate processing requests for permission to treat and to receive payment. This dramatically increases the provider's cost of doing business.

Physicians' offices, hospitals, clinics, and nursing homes are forced to waste ~~money on large staffs of people to do administrative tasks to interact with~~ multiple insurers. Providers typically employ many more clerical and administrative personnel than clinicians because they cannot provide care until they have the insurer's permission and they cannot be paid until the insurer is satisfied that the care was necessary. Of course, this situation is forced upon us by the current fragmented payment system. For example, American physicians spend almost four times as much in money and staff time on administrative processes as physicians under the single-payer system in Ontario, Canada. The average U.S. doctor spends one-sixth of his or her working hours on non-patient-related paperwork, time that could otherwise be spent caring for patients. According to a 2010 American Medical Association survey, a typical medical office spends 20 hours a week on insurance administrative tasks. Our own members tell us that they must hire 1.5 to 2 full-time equivalent staff people per physician just to handle claims-related and utilization management issues.

The more time doctors spend on bureaucratic tasks, the unhappier they are about having chosen medicine as a career. In fact, fighting with insurance companies is the biggest cause of physician burn-out. Physicians entered medicine to treat patients, not to engage in administrative struggles.

The administrative burdens also significantly affect hospitals. Administrative costs account for 25% of total U.S. hospital spending, according to a Commonwealth Fund study that compares these costs across eight nations. The United States had the highest administrative costs; Scotland and Canada had the lowest. Reducing our per capita spending for

hospital administration to Scottish or Canadian levels would save several billion dollars in New York.

If we had a Single Payer health care system, all providers would interact with one payer. Gone would be the multiple payer system with its massive bureaucracies operated by hundreds of insurance companies and thousands of self-insured large employers, each with its own rules, forms, procedures, and payment levels. Gone would be the cumbersome coordination of benefits processes, multiple patient eligibility verification systems, and keeping track of the various deductibles, copayments, referral networks, pharmaceutical formularies, and prior authorization and second opinion requirements.

Timely Payment to Health Care Providers. Given the enormous number of administrative steps that a single claim must endure, providers are often denied timely payment. The Single Payer, however, can fix this. First, since it is the only payer, it will be able to centralize and process all claims and payments. Second, again because it is the only payer, it will be able to separate the flow of money from the adjudication of claims. Under this concept, the Single Payer can deposit into a provider's account, on a prospective and regular basis, a pre-determined amount that reflects a portion of the provider's projected billings for the year. For example, each month the Single Payer could pay 1/12th of the provider's (physician, hospital, clinic) expected annual billings. Over- or under-payments could be reconciled on a periodic basis, perhaps quarterly. Again, the Single Payer has the capacity to conduct such a reconciliation effectively and conclusively because it is the only payer. Billing disputes, when they arise, will be settled between the provider and one payer – the Single Payer – which will be more efficient for health care providers.

Less Micromanagement of Health Care Providers. The Single Payer's Statewide expenditure control will also enhance clinical freedom. Under the current micromanagement model of cost containment, each of the multiple payers resorts to intrusive, enormous, and costly patient-by-patient management of care. Such day-to-day interference in medical practice is another big cause of physician burn-out but it is minimized in single-payer systems because cost can be controlled at the macro level, which is far more effective. Physicians and their patients will endorse a system in which micro-management of health care services is minimized.

Recognizing the Necessity of Reasonable Limits on Services. Some people have expressed concern that a Single Payer may ration health care.

Make no mistake, health care is rationed now; and it is rationed based on disparities in economic status. People who cannot afford health insurance, people with high deductibles, and people who cannot afford expensive prescription medications all forego needed care that other people with better insurance can obtain. People who live in areas without an adequate number of practitioners forego needed health care. Many utilization management tools are implemented to ration care. These limits are real, yet the public has no voice in determining these limits.

If limits do have to be placed on services, then doing so is best implemented through a public process that is accountable to the public and not to insurance companies. Under Single Payer, any rationing will be a more equitable and consistent process than what is used by our current multiple-payer system.

The public can always change service limits. In Canada, for example, the electorate has forced government to boost health care spending. Through the public process of setting a Statewide health care budget, New Yorkers could demand an increase in spending. For the first time, they would have a voice in the decision-making.

In closing, we thank you again for conducting hearings on the important topic of universal health coverage and cost control through the New York Health Act. A Single Payer is the best mechanism for achieving this goal and we urge its adoption.