



Founded in 1925

POLICE CONFERENCE of New York, Inc.
Union of Police Officers

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MEMORANDUM IN OPPOSITION

An act to amend the Public Health Law and the State Finance Law, in relation to enacting the "New York Health Act" and to establishing New York Health.

S3577 - Introduced by Senator Rivera
A5248 - Introduced by Member of Assembly Gottfried

The Police Conference of New York, Inc. is a state-wide labor union consisting of more than 216 member local PBAs representing more than 25,000 police officers throughout the State of New York. We write in opposition to this proposed legislation to amend the Public Health Law and the State Finance Law to institute a universal single payer health plan to be known as New York Health to provide comprehensive health coverage for all New Yorkers including health care, dental care, vision care and long-term care for every resident of the State of New York regardless of his or her past or present employment status, all funded by a payroll tax and an income tax in unspecified amounts. This legislation, if passed, would bring about a massive, radical, incredibly costly (although not yet quantified) and untried undertaking in the State of New York, and we strongly oppose it for reasons that follow.

There are significant discrepancies between what this bill's preamble and statement of intent says it does and what its provisions actually do. In our view, this calls into question how well the proponents of this legislation actually understand the subject matter and/or how sincerely it is being presented. Those discrepancies are too numerous and detailed for inclusion in this memo, but details will be happily provided to anyone who should choose to inquire.

If passed, this proposal would bring about a massive, unprecedented and highly undesirable transition of wealth and population in the State of New York. When a single state in the union announces a plan that will provide completely free cradle to grave health insurance for every resident, residents of all 49 other states will immediately begin a migration to establish legal residency in the state so as to qualify for benefits. The prospect of sham residences for this purpose would be extremely high. Conversely, employers that would be required to pay the payroll taxes and residents with substantial income subject to the earned income tax that would pay for these benefits would be strongly incentivized to leave the State of New York if they possibly could to avoid the tax. Both changes would have obvious and seriously negative consequences for our state's economy. While single payer health insurance could possibly work on a national level, it is naïve to think that doing it only in New York State would not create unmanageable and crippling migration and financial disaster.

The idea of single payer health insurance has been around for a long time and has never been adopted. Assemblyman Gottfried has introduced this bill every year since 1992 and it has never

gotten out of committee in the Senate. Not a single other state in the union has adopted single payer. Vermont adopted it but was unable to implement it and it had to revert to its prior system of private health insurance, and California had a similar experience. Massachusetts has Romney Care, which is essentially a state version of Obama Care, which has been in place since 2006 and appears to be working well and to have achieved its goals. Canada, which is widely reputed to have a single payer system, in fact does not. While it has extensive public financing for essential physician services and hospital care, most Canadians have to pay for vision and dental out of their pocket and more than 60% of prescription medications are paid for privately in Canada. Canadians still pay for approximately 30% of their health care directly or via private insurance and Canadians are as likely as Americans to hold private health insurance. Other developed countries with near universal coverage such as Switzerland have hybrid multi-payer systems that combine government run or subsidized plans with mandatory private insurance. In short, there appears to be no precedent in the world for the type of single payer system set forth in this legislation.

Both the federal and state constitutions prohibit the impairment of contracts. Collective bargaining agreements, both public and private, are contracts covered by the Contracts Clauses and many, if not most of them, provide for specified levels of health insurance benefits, many of them from specified private providers, and who pays for those benefits. Some require the employer to pay more than 80% of the employee's health insurance premiums and others require the employer to pay less than 80% of the employee's health insurance premiums. The negotiation of employer paid health insurance benefits in public sector collective bargaining agreements has been going on for many decades in New York state and elsewhere and has become part of the warp and woof of the process. Many a pay raise has been sacrificed to achieve or maintain fully employer paid health insurance or to keep the employee's contribution low, both while in service and in retirement. By rendering unlawful the provision of health insurance benefits equivalent to the benefits of the proposed New York Health program, this bill would nullify all negotiated health insurance provisions and would clearly impair those contracts. Litigation over the validity of this legislation if passed would be a virtual certainty.

The only analysis performed to date on the impact and/or cost of this legislation on the State of New York was carried out by the RAND Corporation some time ago and before the bill was amended to include long-term health care, which is so costly that currently even people of substantial wealth cannot afford to purchase long-term care insurance. The RAND analysis indicated that the total cost of this legislation to the state of New York would be \$309 billion in 2022 and \$461 in 2031. Obviously these numbers would now be much higher since the bill has been amended to include long-term care coverage. The RAND analysis is far from perfect and would need substantial revision to properly address all of the cost concerns, but it clearly indicates that the financial impact of this legislation would be astronomical. It is also noted that the sponsors' fiscal note set forth in its memorandum in support is totally inadequate.

The federal government distributes billions of dollars to the State of New York every year under the Medicare program, and they come with many restrictions and conditions. This legislation would violate most if not all of those restrictions and conditions, thereby putting New York State's Medicare receipts in jeopardy. The sponsors of this legislation blithely pass that off by saying the State will get waivers from the Medicare program with no documentation or evidence

to support that highly questionable assumption. They do not address what will happen if the anticipated waivers do not materialize.

Many New Yorkers now on Medicare Part B plans in their retirement supplement their Medicare benefits with a Medicare managed plan which costs somewhere between \$50 and \$60 per month. While those fees would apparently be absorbed by the New York Health Plan, those same people would still be responsible for the payroll tax and/or the non-wage income tax aspect of New York Health which would surely cost them a vast multiple of the \$50 or \$60 per month they are now paying for Medicare Part B managed care.

The concept of health insurance with no deductibles, co-pays, maximums or prior approvals embodied in this legislation is simply bad policy. This bill would provide cradle to grave coverage for any and all medical needs with no requirement of co-pays, deductibles, maximums or prior authorizations, and the "coordinators" provided for in this bill would have no gatekeeper powers. No one's health insurance works that way, nor does Medicare, nor should they. Like any other commodity, health care has a cost, and its use needs to be monitored and controlled to prevent excessive, abusive and unnecessary consumption. Providing enrollees in the New York Health Plan with unfettered access to any and all medical care they choose to seek no matter how unnecessary or unwarranted it may be takes naïveté to exponential proportions. Our current system of co-pays, deductibles, maximums and prior approvals serve as a check and balance to the overuse of health care services, and adopting a system without any such checks and balances would be foolhardy.

For all of the foregoing reasons and for others too numerous to mention here, we strongly oppose this legislation. Such massive and immediate changes are simply too drastic to be realistically contemplated. Rather than this bill, the legislators might sensibly consider legislation appointing a committee to study the concept of single payer health insurance, which would in itself be a massive undertaking, and to report back in several years with its findings. Proceeding with this legislation would, in our estimation, amount to financial suicide for the great State of New York.

Dated: March 25, 2019

Respectfully submitted,



Richard Wells
President
Police Conference of New York, Inc.