



## **Testimony to New York Senate & Assembly Joint Health Committee Hearing**

RE: The New York Health Act

### **Submitted by**

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On behalf of The Business Council of New York State, Inc. and our more than 2,300 members – businesses large and small across the state – I wish to submit these comments into the record as part of this joint committee’s hearing on the New York Health Act. As the state’s largest statewide employer advocacy organization, we often address issues impacting the state’s economic competitiveness, including business costs driven by state policy actions. The establishment of a government-run healthcare system in New York would undoubtedly impact every employer and have a deleterious effect on the economy of the state as a whole.

In light of the barrage of rhetoric supporting such a government-run system, it’s useful to separate myth from fact. Government-run health insurance is not synonymous with universal coverage. We know this because New York has nearly achieved universal coverage under the current health insurance structure. As of today, over 95 percent of New Yorkers have health care coverage. Of the remaining 4.5 percent, roughly half are eligible to receive coverage under existing plans and choose not to. This is why the Business Council has supported efforts, such as the New York Health Plans sponsors’ own bill, S.3900/A.5974 , which, by allowing people currently ineligible for federal financial participation because of immigration status to buy health insurance under New York’s Essential Health program, would bring New York to almost universal coverage without destroying the state’s economy. Imposing something as sweeping as the New York Health Act to cover less than 5 percent of New Yorkers while ignoring other reasonable approaches is applying a dangerous solution to a problem the does not exist.

We respectfully question the need for this proposal. Single-payer health coverage is an old idea that has been squarely rejected from the days of President Truman through the Presidencies of Bill Clinton and Barack Obama. National polls and polls in New York have consistently shown that a growing majority of Americans reject single-payer theoretically and more importantly, in practice, especially when projected costs are taken into account. Other states have already tried this and failed under the enormity of the financial impact. Lawmakers in California proposed and ultimately rejected a similar plan when its true costs were revealed. Similar stories played out in Vermont and Colorado. As proposed, government-run health insurance would be outrageously expensive.

The proposed system would draw revenues from a new State Health Trust Fund sourced by a tremendous new payroll tax (2 percent on employees, 8 percent on employers and 10 percent on the self-employed with additional surcharges on other taxable income). The New York Health Act does not however articulate actual costs. Accordingly, the proposed bill imposes no effective limit on new taxes; in effect, it creates a parallel income tax structure with no set tax rates or tax ceiling. Lacking any real fiscal analysis in the bill, multiple outside studies have been used to estimate costs and other impacts. The results are scary. Starting at just under \$100 billion per year, and climbing all the way to a quarter of a trillion dollars, the cost is far more than the entirety of our current state budget, necessitating tax increases larger than any in history. Other studies point to a potential loss of 150,000 jobs in the state. It is never advantageous to impose a massive tax increase on employers, employees and consumers and its consequences could be disastrous to our economy.

Economic arguments for the introduction of a single payer-system do not hold true. The limitations of these systems became quite clear during the national health insurance debates leading up to the enactment of the ACA. The Congressional Budget Office projected that premiums for a public option would be far higher than premiums for private insurance; and this projection did not take into account the benefits of consumers having choice and the advantage of private insurers, who have real economic incentives to innovate and devise better ways to keep people healthy and costs low. Further, attempts to define innovative private insurance coverage as unworkable based on high administrative costs also ring

hollow; since current law dictates a cap on what insurers can spend on such costs to 15 percent of premium.

Further, I have read and heard some advocates opining that this bill would be “good for business”. This is based on the assumption that we would be shifting costs from premiums to taxes. This analysis ignores many facts, including the fact that people receive their insurance in a variety of ways, through public, private, employer-based, spousal and parental coverages among others. Not all employers purchase coverage for all of their employees. Not all employees purchase coverage – but all would be subject to this new massive tax. For many employers, the difference between their current health premium expenditures and their tax liability under the New York Health Act is an increase by factors of five and ten. For many employers, this increase is more than their annual profit margin and the imposition of such a tax would effectively put them out of business, taking with them the jobs that they provide. For the thousands of New Yorkers who stand to lose their businesses and/or their jobs, the opportunity to shift from premium to high taxation will be cold comfort.

While on the subject of job losses, we must also consider that the New York Health Act outlaws any private health insurance, the coverage they currently provide their clients and the good jobs that they provide to communities throughout the state, from New York City to here in Kingston, all the way to Buffalo. The economic impact of the loss of these jobs will be felt right outside of these doors. Further, private health insurers have been the innovators in pursuing the highest quality health care delivered in the most affordable manner. Many of our member companies, as well as our own staff, take advantage of a variety of programs offered by our insurers to promote health and wellness in our workplaces, schools and communities, helping to prevent and manage health conditions from heart disease and diabetes, to influenza and high blood pressure.

It is the private market and not the government which has been the leader in health data analytics, cost of care methodology and leveraging technology and information to bring patients more access to care. A single-payer system that replaces a free market of innovators with government bureaucracy will in the end not only deliver worse health care but will do so at greater costs. While advocates often point to universal coverage plans and mandates that exist in other countries as something worth emulating here, the fact is that the majority of countries that have universal coverage do so with a mix of private and public insurance; the exact same as our current system. The New York Health Act is far more extreme in outlawing private insurance all together.

There are certainly problems with our current system and improvements to make. They can and should be done without reinventing the wheel and guaranteeing economic turmoil. Improving our current system and reaching total coverage is a goal that we are all behind. Decimating our economy with massive tax increases and job losses while putting access to our health system in the hands of bureaucrats through government-run healthcare is simply the worst way to approach it. I’m thankful that polls show that despite the rhetoric, there is no great groundswell of public opinion pushing for these changes. While we have seen the national conversation move away from mandated government-run health insurance, we in New York continue to discuss this old idea. I hope that after this series of hearings, we can begin doing the real and hard work of closing the coverage gap with workable and affordable solutions.

I appreciate the opportunity to share my thoughts on this important issue and on behalf of The Business Council and our members.