

## How would NYHA impact business?

I'm Richard Clements from Williamsville. I'm a retired businessman and long time employer and I'm going to speak about the NYHA from a purely pragmatic, business point of view.

What is the rationale for coupling health insurance to employment benefits? Rising expensive premiums force employers to repeatedly shop for cheaper insurance, often towards high deductible policies and HSA alternatives, and to shift more of the cost to employees. Figures for 2019 just released by KFF determined that the average annual premium for employer-sponsored health insurance is now \$7,118 single and \$20,236 family, significantly exceeding the inflation rate so this is a growing problem as well. Today, the average employer-paid portion of premiums is 82% for single and 71% for family coverage.<sup>i</sup> So, how would implementation of the NYHA impact a typical small business?

Let me give you an example. A hypothetical NY company has 20 employees. For simplicity, all are paid the average NY State hourly rate of \$28.32 or \$58,905.60 annually.<sup>ii</sup> Ten of them have single & ten have family coverage. As per the national average, the company's annual share of premiums is \$58,368 (82% of single) plus \$143,676 (71% of family), so the employer's total annual net premium cost is \$202,044.

Using the projected payroll tax rates required to fund the NYHA, the employer's share of annual payroll tax would be just \$2,124 for each employee totaling just \$42,480. That's \$159,562 less – a 75% reduction compared to his current premiums!<sup>iii</sup> What rational employer would forgo a cost reduction of that magnitude? Now also consider the hundreds of man hours that wasted in administration, shopping for affordable coverage in an ever changing insurance market, and facing problems of health insurance barriers to recruit and retain quality employees. Many small company managers estimate 20% or more of their time is wasted on health benefits matters that have nothing to do with their actual business. Imagine how decoupling health insurance could cut their costs, and increase their efficiency and competitiveness.

What about the employees? How would they fare? They'd face a new tax, of course, but at a cost far less than even their current payroll deduction for company health insurance - Just \$537/year. That would add \$1,241/year net income for a single or \$4039 for family employee. That doesn't even include the saving for elimination of deductibles (averaging \$1489 for single and \$2788 for family), co-pays, or potential out of network costs.<sup>iv</sup> Just imagine what an additional \$3 - \$7000 or more net annual income would mean for a young working family and the economy. That could be a new car, a vacation, a down payment on a home, child care or funding of an IRA. Also, health insurance would never be a concern should there be a layoff or job loss. It would never be a barrier to accepting another job offer, or starting a business.

The saving for both the businesses and employees is potentially many millions of dollars of additional demand for goods and services that would significantly stimulate the NY economy. Rather than fleeing the state, employers would be drawn to NY to establish their businesses in a bustling, low cost location to improve their profits and competitiveness. So rather than continuing to pay for the world's most expensive, inefficient and cruel healthcare system and asking how we can afford single payer universal healthcare, the question really should be, how can we not!

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<sup>i</sup> Kaiser Family Foundation statistics

<sup>ii</sup> BLS Labor statistics data

<sup>iii</sup> Economic Analysis of the NY Health Act, Dr. G. Friedman, U Mass/Amherst

<sup>iv</sup> 2018 statistics from the International Foundation of Employee Benefit Plan