

TESTIMONY
Of Big I NY
before the
Senate Standing Committee on Health
Assembly Standing Committee on Health

Joint Hearing on the New York Health Act
(S.3577/A.5248)

Tuesday, May 28th, 2019
10:00 AM
Hearing Room A
Legislative Office Building, 2nd Floor
Albany, NY 12248

Presented by

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Director of Government Relations, Big I NY

Chairman Rivera, Chairman Gottfried, and members of the Senate and Assembly Health Committees:

Thank you for the opportunity to testify before you today. I am the Director of Government Relations for Big I New York, a statewide association representing over 1,750 independent insurance agencies and brokerages and their 13,000 employees. We are the voice of agencies of every size - from small, family-owned agencies to agencies with offices across the state; in every area - from the rural corners of the Adirondacks to the bustling neighborhoods of New York City. Our members are both small businesses and trusted advisors to consumers, and as such will acutely feel the impacts of a single-payer health system.

First and foremost, we believe that every New Yorker deserves coverage for high-quality, affordable health care. New York has been successful in providing insurance coverage to more than 95% of state

residents – the state’s uninsured rate dropped to 4.7 percent in 2018, the lowest ever recorded.¹ A government-run system would harm our state’s health reform efforts, undermine quality and medical innovation, and limit consumer choice. While more work is needed to address the cost of health care, a government-run system would undermine the advances New York has made in coverage expansion and access to care.

As trusted advisers to the insurance-buying public, we are concerned that a single payer program would take coverage options away from New Yorkers. A New York single payer program would result in the loss of existing Medicare coverage for seniors. A New York single payer program would result in the loss of existing employer health insurance coverage. With the entire population of consumers in a single government run program, consumers will not have the ability to change carriers if they are unsatisfied. By eliminating competition, this system also eliminates incentives for efficiency, such as cost sharing.

Furthermore, we are concerned that the government run single payer program proposed in S.4840-A/A.5248-A would be prohibitively expensive. Massive state tax increases would be needed to pay for health care costs of a single payer system. New tax revenues needed to fund the existing New York Health proposal range from an increase of \$91 billion², to \$226 billion.³ Any tax increases would be on top of the \$82 billion New York already spends on health care. Businesses would face a new payroll tax, and would no longer have the option to choose the healthcare plan that makes the most sense for their employees. Estimates of the cost of this tax, for example, are over \$8,000 annually for an employee earning \$50,000, and over \$13,000 annually for an employee earning \$75,000.⁴ During the FY 2019-20 NYS budget, Governor Cuomo indicated that the federal tax reform law resulted in a \$2.3 billion revenue shortfall for the state.⁵ Imposing massive tax increases to fund a New York single payer program would exacerbate the problem — significantly increasing New Yorkers’ tax liability, which would not be able to be deducted. With the repeal of the individual mandate penalty included in the tax reform package, other states are reportedly considering enacting their own coverage requirement. If New York considers an individual mandate in order to avoid a return of the “death spiral,” it could make the problem worse still.

Other states have considered – and rejected – government run single payer programs because of the costs imposed to state budgets. Vermont voted for a government-run single payer system, but chose not to move forward once it determined that the financing required significant increases in corporate and income taxes that would be detrimental to individuals, employers and the state's economy overall. California had a bill introduced in the Senate that had an estimated price tag of \$400 billion – double the state’s budget – and would have required a new 15% payroll tax. Colorado voters overwhelmingly

¹ NYS Department of Health Press Release, May 15, 2019 https://www.health.ny.gov/press/releases/2019/2019-05-15_historically_low_uninsurance.htm

² Freidman, G.; Economic Analysis of the New York Health Act, 2015

³ Roy, A; The Price of Single Payer: A Fiscal Analysis of the New York Health Act, 2016

⁴ Realities of Single Payer Coalition: Burden to Business: <https://realitiesofsinglepayer.com/education/burden-to-business/>

⁵ Spector, Joseph (2019, 4 February). New York faces a shortfall of \$2.3B in tax revenue and blames Washington. *Democrat and Chronicle*. Retrieved from <https://www.democratandchronicle.com/story/news/politics/albany/2019/02/04/new-york-estimates-2-3-billion-less-income-tax-payments-and-blames-washington/2769553002/>

rejected a single payer proposal in 2016 that would have required \$25 billion in new taxes in 2019, including a 10% tax on payroll and other income.

I thank you for the opportunity to share our members' concerns with a single-payer health system. I am happy to answer any questions the committee may have.

Respectfully,

Scott Hobson, MPA

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