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Why New York State Still Needs Single Payer Health Care

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Conventional wisdom in the United States holds that our health care system, while costly, achieves some of the best outcomes in the world. A recent report by the Institute of Medicine (IOM), however, challenges these assumptions. In a survey of current and historical health data for 17 other high-income democracies,[1] the IOM found that the United States ranked dead last in life expectancy among males and second-to-last among females in 2007, despite spending substantially more per person on health care than any other nation.[2] In addition, Americans were found to have poorer health and higher rates of disease compared to their peer-country counterparts.

One of the major reasons suggested by the IOM for this disparity is our large uninsured population. For many, lack of insurance coverage translates into inability to access or afford health care. Uninsured and underinsured individuals are less likely to obtain treatment for existing ailments. They are also less likely to receive the preventative and early intervention services that are crucial to halting or slowing the development of more serious diseases.

What the Affordable Care Act Does

The federal Patient Protection and Affordable Care Act (ACA), passed in 2010, hopes to address this disparity by decreasing the number of uninsured Americans. It aims to lower costs by adding more people to the system and to increase access by providing some financial assistance to those buying coverage in the private market. Key provisions in the ACA include[3]:

- an "individual mandate" requiring individuals to purchase minimum coverage or pay a tax penalty;
- a requirement for employers with more than 50 full-time employees to offer coverage or face a penalty;
- the establishment of state-based health insurance exchanges through which individuals and small businesses can purchase coverage;
- sliding-scale premium tax credits to individuals;
- tax credits to small businesses; and
- an expansion of Medicaid to 133% of the federal poverty line.

For all of its benefits, the ACA has some sharp limitations. It attempts to fix a patchwork of public and private payers by adding more patches. It increases the complexity of an already overly-complex system. Finally, it is overoptimistic in its reliance on for-profit health insurance companies to lower their premiums to affordable levels.

What the Affordable Care Act Does Not Do

The ACA leaves millions of people uninsured and under-insured, and it does not do enough to lower health insurance costs for individuals, businesses, and taxpayers. The Congressional Budget Office estimates that 26 to 27 million people will remain uninsured in 2016, two years after enactment of the ACA's major provisions.[4] Those likely to remain uninsured even after the law's full implementation include[5]:

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- People who have access to coverage through an employer but still cannot afford to purchase that coverage;
- People who are eligible for an exemption because the cost of coverage is more than 8% of their household income;
- People who are eligible for Medicaid but are not aware of it and/or do not sign up;
- Undocumented immigrants, who are explicitly excluded from the act;
- People who choose to pay a penalty rather than purchase coverage.

The ACA may also increase the number of under-insured people. Individuals who must purchase coverage through exchanges may choose bare-bones policies that offer few benefits, either because they do not want or cannot afford to pay for more expensive policies.[6]

The Answer: Single Payer Health Care

Single payer health care means that a single public or public-private agency would act as the health insurance administrator, responsible for taking in all health care fees and making health care payments to all service providers. Providers would then be able to bill just one agency for their services, as opposed to dozens or hundreds of different agencies for each patient. Doctors hospitals, and other service providers would still remain private entities, and patients would be free to choose their own doctors and make their own health decisions.[7]

Vermont passed single payer legislation in 2011 and expects it to be fully implemented by 2015.

In May 2011, the State of Vermont passed Act 48, a health care reform law that puts the state on the path to single-payer health care, the first state to enact such a law. It is expected to be fully implemented in 2015, after obtaining an ACA waiver

from the federal government (The ACA allows state exemptions from certain provisions, provided that the state's plan meets the minimum coverage requirements for its residents).[8] Among other provisions, the Vermont law created a Board tasked with recommending a universal benefit package and required the Secretary of Administration to develop a plan, due in 2013, to finance coverage.[9]

A bill similar to Vermont's is now before the New York State Legislature.[10] This proposed statute (A.7860-A/S5425-A),[11] includes the following key features:

- Covers preventative and primary care, emergency/hospital care, dental, vision, prescription drugs, mental health, addiction treatment, and rehabilitation;
- Covers all residents of New York State; and
- Is funded by a combination of current health care expenditures (such Medicare and Medicaid), and a payroll premium (8% employer-paid and 2% employee-paid) on earned income and on unearned income over 50% of an individual's total income.

A single payer system offers many advantages for New York. First, it would swiftly accomplish universal coverage for all New York citizens, regardless of income. Second, it would help contain costs by reducing the administrative waste generated by our fragmented system of multiple, for-profit payers. A two-year study conducted for New York State comparing four different health reform options found that a single payer system that provided universal coverage would save New York $20 billion per year and would cost $28 billion less per year than an individual mandate.[12] With private health insurance companies removed from the equation, such savings could be reinvested in health care, as opposed to being spent on marketing, executive salaries, and shareholder profits. Finally, a single payer system would decouple health insurance from employment, taking the burden off employers and providing health security, regardless of circumstance, to all New York State residents.

[1]Countries of comparison were: Austria, Denmark, Finland, Germany, France, Spain, the United Kingdom, the Netherlands, Norway, Italy, Switzerland, Sweden, Portugal, Canada, Australia, and Japan.

[2] Institute of Medicine of the National Academies. *U.S. Health in International Perspective: Shorter Lives, Poorer Health,* January 2013. Available at http://books.nap.edu/openbook.php?record_id=13497.

[3] Kaiser Family Foundation, *Summary of New Health Care Reform Law,* April 15, 2011. Available at http://www.kff.org/healthreform/upload/8061.pdf

[4] Congressional Budget Office (CBO). *Updated Estimates for the Insurance Coverage Provisions of the Affordable Care Act*, March 2012. Available at http://www.cbo.gov/sites/default/files/cbofiles/attachments/03-13-Coverage%20Estimates.pdf.

[5] Mark Trumbull, "Obama signs health care bill: Who won't be covered?" The Christian Science Monitor (March 23, 2010). Available at http://www.csmonitor.com/USA/2010/0323/Obama-signs-health-care-bill-Who-won-t-be-covered.

[6] Physicians for National Health Insurance, *Single Payer FAQ*, Available at http://www.pnhp.org/facts/single-payer-faq

[7] See Note 4

[8] William C. Hsiao, Ph.D., Anna Gosline Knight, Sc.M., Steven Kappel, M.P.A., and Nicolae Done. "What Other States Can Learn from Vermont's Bold Experiment: Embracing a Single-Payer Health Care Financing System." *Health Affairs,* July 2011 30(7):1232–41.

[9] *Brief Summary of Act 48 Vermont Health Reform Law of 2011*. Available at http://hcr.vermont.gov/sites/hcr/files/ACT%2048%20one%20page%20summary%20June%2014.pdf

[10] S5425-2011: Provides for establishment of the New York health plan and makes an appropriation to the temporary commission on implementation of the plan. Available at http://open.nysenate.gov/legislation/bill/S5425-2011

[11] S5425-2011: Provides for establishment of the New York health plan and makes an appropriation to the temporary commission on implementation of the plan. Available at http://open.nysenate.gov/legislation/bill/S5425-2011

[12] State of New York Department of Health/Insurance Partnership for Coverage, July 17, 2009. *Report of the Commissioner of Health and Insurance Superintendent to Governor David A. Paterson on the Partnership for Coverage Initiative on the Release of the Urban Institute Report.* Available at http://www.partnership4coverage.ny.gov/reports/docs/2009-07-17_release_of_urban_institute_report.pdf