



Legislative Memo

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BILL: S.4371 (Perkins) / A.4738 (Gottfried)

OPPOSE

SUBJECT: Creation of the New York Health Plan

DATE: February 13, 2017

The Business Council of New York State strongly opposes S.4371 (Perkins) / A.4738 (Gottfried) creating the New York Health Plan, a socialized health care payment system.

The system would draw revenues from a new State Health Trust Fund sourced by two massive new taxes on both payroll and non-payroll income to cover the over \$100 billion annual spending on the program. By the sponsor's own analysis of the costs, this would amount to a tax of at least 9 percent on income between \$25,000 and \$50,000, graduating to a 16 percent tax for incomes over \$200,000.

Further, the bill imposes no effective limit on these new taxes; in effect, it creates parallel income tax and capital gains tax structures with no true tax rates or tax limits. Given New York's already high cost of doing business and the implementation of the federal Affordable Care Act, a socialized health-care payment system funded by such an enormous levy on payrolls and other income is not only very bad economic policy, but bad health policy as well.

The bill also makes most group health insurance coverage illegal in New York State, prohibiting the issuance of insurance policies that "duplicate" coverage offered to individuals under the New York Health Plan. In this one provision, this bill eliminates an entire industry sector in

New York, and the jobs and family income that goes with it, as well as eliminates coverage choice and options for the vast majority of New Yorkers.

Amazingly, the sponsor's bill memo contains no real fiscal or economic impact assessments, no calculation of the amount of new taxes to be imposed, no apparent consideration of the adverse economic impact of eliminating an entire industry sector and its related jobs, or any other evidence of a serious assessment of its costs and benefits.

Further, the bill dispenses with meaningful cost containment provisions.

In a world in which resources are limited always and everywhere, this bill's promise of universal, unlimited coverage is a mirage. Single-payer systems inevitably must keep costs lower by rationing care, not by being more efficient. In this "free-for-all system," costs are driven up by patients over-consuming perceived "free" health services and the rationing of these services follows.

A socialized health-care system will not only ration care but will decrease the quality of health care for everyone. There will be substantially less potential payoff for health care innovation and less investment in advanced medical equipment and new technology. Also, despite the bill's provisions for collective bargaining, like other existing socialized medicine systems, it will ultimately provide substantially lower payments to health care providers and will lead to both shortages and inferior quality of care in the long run.

This bill will restrict health care choices for New Yorkers, diminish the quality of health care in the State, increase the tax burden for every working New Yorker by unprecedented amounts and make the State a far less attractive place to do business.

For these reasons, The Business Council strongly opposes the enactment of S.4371 (Perkins) / A.4738 (Gottfried).

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