



Written Testimony of the  
**American Property Casualty Insurance Association**

New York State Assembly Committee on Health

New York State Senate Committee on Health

Regarding the New York Health Act (A.5248/S.3577)

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The American Property Casualty Insurance Association (APCIA)<sup>1</sup> is pleased to provide comments regarding the proposed New York Health Act (A.5248/S.3577). While the bill is well-intentioned, we are gravely concerned with the potential negative unintended consequences as a result and do not believe that such an approach is warranted or necessary.

As such, APCIA must respectfully oppose the New York Health Act, which would upend New York's current system of health coverage in favor of a new government run, "single payer" health care system. The single payer system would be financed by a mandatory new payroll tax on both employers and employees, as well as new taxes on other income such as interest and capital gains. APCIA is seriously concerned about the detrimental impact this legislation would have on the business community, employees, taxpayers, and the New York State economy as a whole.

Further, the state has already made great strides in expanding the affordability and availability of health insurance coverage options for consumers. As such, we do not believe this legislation is necessary as the uninsured rate in New York is at an all-time, historic low of five percent. Instead of enacting such a sweeping change, we would suggest that a more prudent course of action would be to continue building upon this progress in order to reduce the number of uninsured even further.

In particular, APCIA would like to share our serious concerns about the potential impact the legislation would have on the workers' compensation system, which has been proven to be a highly effective, longstanding method for delivering medical care and benefits to injured workers. The legislation requires the New York Health Board of Trustees to develop a proposal within two years for incorporating workers' compensation into the New York Health Act. We believe that folding workers' compensation into a single payer health care system is unnecessary, unworkable, and would not be without staggering costs. It could also negatively impact injured workers by reducing the quality of medical care and could also prevent their timely and efficient return to the workforce.

To be clear, although both the workers' compensation system and traditional health care system provide medical care to consumers, there are significant differences between the two systems with differing goals. Under the workers' compensation system, there is an occupational health focus, with the overarching goal of returning the injured employee to work when appropriate or

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<sup>1</sup> Effective January 1, 2019, the American Insurance Association (AIA) and the Property Casualty Insurers Association of America (PCIAA) merged to form the American Property Casualty Insurance Association (APCIA). Representing nearly 60 percent of the U.S. property casualty insurance market, APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers. APCIA represents the broadest cross-section of home, auto, and business insurers of any national trade association. APCIA members represent all sizes, structures, and regions, which protect families, communities, and businesses in the U.S. and across the globe.

to provide lifetime benefits for those who are totally disabled. There is no cost shifting onto injured employees, with carriers and employers shouldering the entire burden. It is essentially a disability program with a medical component. This differs from traditional health insurance, which does not incorporate an occupational health focus and provides health benefits to consumers regardless of employment.

Unlike traditional health insurance, workers' compensation carriers will often cover expensive medical treatment as long as the goal is met of accelerating recovery and returning the injured employee to work as quickly as possible. It is difficult to imagine that a single payer health care system could financially sustain this type of expansive, broad coverage. An independent study conducted by the RAND Corporation found that the legislation will require at least \$210 Billion in new taxes when fully implemented, not to mention an additional \$42.7 billion in taxes when long-term care costs are factored in. If workers' compensation benefits were to be added as well, the costs would be astronomical. Undoubtedly, these additional costs would be unsustainable and injured workers may end up seeing their benefits for work-related injuries reduced as a way to ration medical care. This would only dilute the promise employers have made to their workers under the workers' compensation system and create substantial hardship for workers who need more intensive, expensive treatment in order to expedite their return to work.

Another key factor that is a hallmark of the workers' compensation system is that premiums are typically experience rated, or in other words, determined based on the specific track record of each business. Thus, there is a strong incentive for employers to invest in workplace safety initiatives as it generally results in lower workers' compensation premiums. Workers' compensation carriers have specific expertise in workplace safety protocols and work closely with employers on this front. We remain very concerned about employers losing any existing incentives to promote workplace safety, which could occur pursuant to this legislation. An unintended consequence is possible whereby safer employers would end up subsidizing less safe employers, with a net reduction in safety for all workers. We do not believe that there is any question as to the effectiveness of experience rating from a workplace safety standpoint and thus see no reason to study whether or how it should be incorporated into the New York health act as proposed.

In sum, APCIA strongly objects to the New York Health Act and, in particular, the potential integration of workers' compensation into the program over time. We believe that folding workers' compensation into a single payer health care program could adversely impact the overall medical treatment and recovery time as it relates to injured workers. This could lead to a significant increase in indemnity costs for employers. The workers' compensation system in New York is currently healthy and stable, and it is crucial that we do not take any steps that could reverse this trend.

Thank you for giving us the opportunity to share our comments and concerns regarding the New York Health Act. We respectfully urge that the legislature not move forward with A.5248/S.3577.