The Employer Alliance for Affordable Health Care

Working to keep health insurance affordable for New York's small businesses.

May 2022

MEMORANDUM IN OPPOSITION

A.6058 (Gottfried)/S.5474 (Rivera)

An act to ament the public health and state finance laws to create the New York Health Act, a single-payer system.

This proposal to create a government-run single payer health care system in New York is bad for small businesses. It would impose significant tax increases and threaten jobs. The Employer Alliance for Affordable Health Care **strongly opposes** this measure.

Creating a single payer system is cost prohibitive:

- An independent analysis of this proposal by RAND Corporation, released in 2019, estimated New York would need significant tax increases – income and payroll taxes – to pay for this new program, starting at $139 billion in new tax revenues in 2022 and $210 billion in 2031. Following the release of this report, revisions to the New York Health Act include coverage for long-term care, which, according the RAND, would cost $18-22 billion – increasing the total taxes required to pay for this the bill to nearly $250 billion. All of this would be on top of the billions we already spend on health care.
- A recent report from the Empire Center for Public Policy concluded, "the tax burden resulting from this proposal would be unprecedented and devastating."
- The proposal also exempts income below $25,000 from paying any tax to support the New York Health Act. This simply shifts the cost onto everyone else, compounding the tax impact on small businesses.

Proposal does not guarantee lower costs:

- Sponsors of the New York Health Act claim there will be significant savings in health care spending because the state will regulate the prices charged by doctors, hospitals and pharmaceutical manufacturers, and be able to negotiate lower provider reimbursements. However, there is no evidence of provider willingness to be paid less than they are today, and no guarantee of savings.

Other states have considered — and rejected — single payer proposals:

- In California earlier this year, efforts to bring a single payer measure to a vote failed after legislative analysts estimated it would have cost between $314 billion and $391 billion a year.
- In neighboring Vermont, former Governor Peter Shumlin backed away from his single payer proposal once financial reports concluded that funding the program would cost $4.3 billion and require significant tax increases for residents and businesses.

Offering benefits like health insurance both small business owners & employees:

- A single payer system would take away employer-sponsored health coverage. It's been shown that offering employees health coverage as a benefit helps business owners attract and retain skilled employees, which helps provide long-term economic stability for employers. Many employees will accept higher benefits in lieu of a higher salary.
- Employees with employer-sponsored coverage demonstrate improved wellness, decreased absenteeism, improved employee health and morale. People with coverage are more likely to seek preventative care and live overall healthier lives.

Focus on "universal" coverage rather than disrupting the current system:

- Getting every New Yorker covered is a laudable goal and New York has been successful in covering 95% of the population. Instead of completely undoing a system that is working for the majority of New Yorkers, lawmakers should focus attention on efforts to cover the remaining 5% of people who are not currently covered.

FOR THESE REASONS, WE ASK YOU TO OPPOSE A.6058/S.5474

The Employer Alliance for Affordable Health Care is the largest, single-issue grassroots coalition in New York State, with more than 3,000 small business owners and sole proprietors representing more than 150,000 individuals. Our members believe that everyone should have access to basic, affordable health insurance. We oppose state health insurance mandates that increase premiums.

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