HTNYS Healthcare Trustees of New York State

Single Payer:

A PRIMER FOR HEALTHCARE TRUSTEES

The Issue:

"Single payer" is a term used to describe a healthcare system primarily financed by taxes that seeks to provide a basic level of care for all residents.

However, the term "single payer" can mean different things to different people. Most people believe it means they can receive care without having to worry about being billed later.

> Proponents also point to Medicare as an example of a successfully administered government program that has controlled cost and improved quality of care.

The single payer debate has been politically polarizing, with single payer (mostly government-run healthcare) supporters on the left end of the political spectrum and unfettered free market healthcare (small government role) on the right. Our current system is somewhere in the middle.

Single payer proponents believe that universal coverage would reduce healthcare spending by consolidating administrative functions and eliminating duplicative costs. They claim it also spreads the cost of health insurance more evenly throughout the nation's population. Proponents also point to Medicare as an example of a successfully administered government program that has controlled cost and improved quality of care.

Opponents argue that costs would rise because of higher healthcare service utilization, patients would have fewer care options and could not choose their provider and quality of care would suffer without market competition.

National Single Payer Proposals

Once considered a far-left fringe concept, the drive for a single payer system at the national level has gained traction in recent years. Many members of Congress, including some from New York, now openly support single payer.

The United States already has a single payer program: it's called Medicare. While it is publicly financed, Medicare pays for healthcare services in a variety of ways, including through insurance companies and managed care organizations.

Medicare eligibility is restricted to people over the age of 65, people under 65 who have specific disabilities and anyone with end-stage renal disease.

Medicare is funded by a payroll tax and provides comprehensive coverage, but many seniors buy supplemental "gap" insurance to cover additional services and out-of-pocket costs.

Members of Congress have periodically proposed legislation to lower the age of eligibility—either suddenly or gradually. They have also proposed making all Americans eligible for Medicare; hence the calls for "Medicare for All."

"Medicare for All" is one possible national single payer approach. As we see in nations around the globe, many variations exist on the single payer theme. For example, the UK, Canada and Australia all publicly finance their healthcare systems, but they operate very differently. Variation in covered services also exists—such as dental, eye care, mental health and pharmaceuticals—as well as the variation in out-of-pocket and copayment obligations. If the U.S. adopts a single payer system, it would likely have its own unique characteristics.

Single Payer in New York

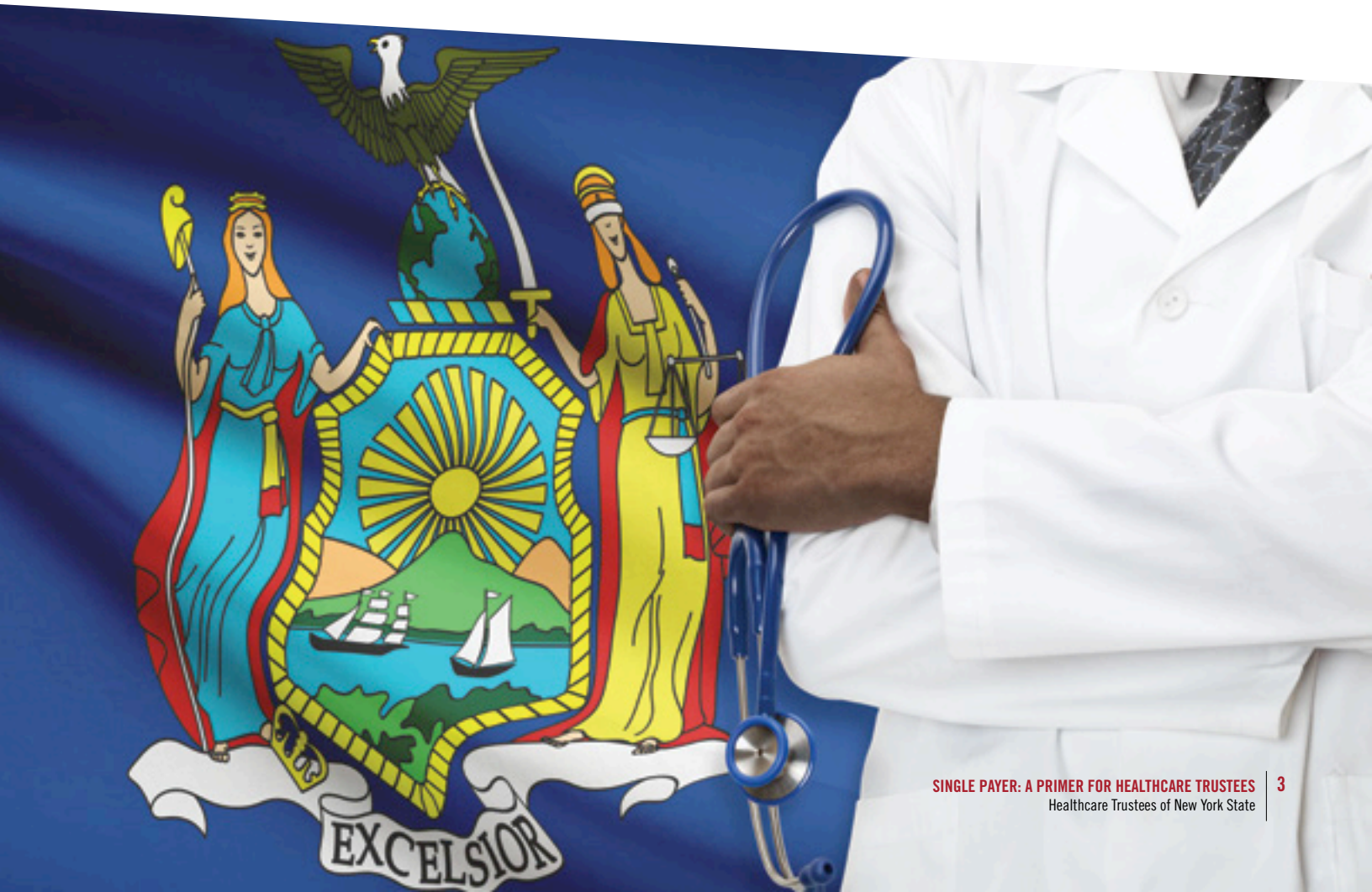
The notion of a single publicly-financed healthcare system in New York State available to all residents has been on the Legislature's agenda for more than 20 years, and has recently sparked renewed interest. The *New York Health Act* (NYHA) aims to provide coverage to all residents of New York State. It would also establish a healthcare cost control system.

A study by the RAND Corporation, commissioned by the New York State Health Foundation, found that NYHA could work, but with many caveats and assumptions. For example, the report suggests that the proposed legislation could expand health insurance coverage to all New Yorkers at a similar or slightly lower cost than the current system. However, that calculation is based on achieving lower overall administrative costs and on the assumption that provider payment rates would grow more slowly over time.

The NYHA would require a massive shift in how New Yorkers pay for healthcare. The most acute impact would be a shift from individual- and employer-funded care to a tax-funded system: the estimated cost to pay for this system would be $139 billion.

This massive shift in "who pays" would be partially offset by the elimination of commercial health insurance premiums. Nonetheless, a tax hike of this magnitude would face severe political headwinds.

Healthcare providers in New York are concerned that NYHA would squeeze provider payments to achieve savings. This result would harm access to healthcare services in communities across the state and jeopardize the financial viability of many provider institutions. The bill also fails to address long-term care and is silent on how the state would finance the costs of a transition period.



TRUSTEE EDUCATION

www.htnys.org

HTNYS

Healthcare Trustees
of New York State

What Can Trustees Do?

As trustees, you are the strategic guides for healthcare in your communities. You will continue to face many challenging issues such as access to capital, technology, the uninsured, poverty, the opioid crisis, population health, reimbursement and much more. All of these issues would be impacted under the umbrella of single payer.

The single payer debate is an opportunity to talk about important healthcare issues. You don't need to be an expert on single payer to join in this conversation and advocate for care in your community. Together, we can begin to shape state and national conversations on this watershed issue by learning the facts, sticking to our principles and engaging in the many opportunities to weigh in and influence public opinion.

Here are some ideas to focus on during this debate:

- Consider that only 5% of New Yorkers still lack health coverage.
- New York has made great strides in expanding coverage and access.
- Quality and patient safety must be maintained.
- All payers must help reduce administrative waste and complexity, such as creating common bills, forms and definitions, including the definition of medical necessity.
- We must support today's and tomorrow's caregivers.
- Spending growth will increase in large part due to our aging population.
- Investments today into sub-acute and post-acute services and workers will help care for these New Yorkers and foster the evolution of a more decentralized delivery system at the community level.

> Together, we can begin to shape state and national conversations on this watershed issue by learning the facts, sticking to our principles and engaging in the many opportunities to weigh in and influence public opinion.


Medical Benefits
Claim Form
Failure to complete this form in its entirety may result in a delay in processing this form
FILING CLAIM FOR (Check all that apply)
Accidental Injury Only
Injury With Disability
Injury With Hospitalization
Deceased -Date Deceased
Accident Policy Number
Short Term Disability Policy Number
Hospital Indemnity Policy Number
Hospital Intensive Care Policy Number
Life Policy Number
Specified Health Event Policy Number
Personal Information

WEST: Single Payer Issues to Consider in New York

Our proposed WEST acronym can help trustees remember some important single payer issues and questions to ask. The single payer debate provides an opportunity for trustees to tell our hospitals' story about the great work they are doing and our constant efforts to make healthcare better for tomorrow.

WORKFORCE. Under single payer, what happens to physicians, nurses, technicians and all the highly skilled people who actually deliver the care? How would they earn a living under a state-based single payer system? Would physicians leave? **W** also stands for "who pays?" Single payer requires a big tax increase. Will the middle class bear the brunt of the cost? Under NYHA, a tiny percentage of the highest wage earners in New York would bear a significant new tax burden. If a small percentage of those New Yorkers were to leave the state, it would create an enormous funding deficit.

EGRESS AND INGRESS. New York is surrounded by five states and Canada. Millions of out-of-staters come into and leave New York every day. Providers who treat patients regardless of residency would see only limited administrative simplification because they will continue to have multiple out-of-state payers.

SUSTAINABILITY. If healthcare spending exceeds economic growth, it's doomed. In a state-based single payer system, all healthcare expenses are within the public payment system "tent": capital, salaries, provider payment rates, drug prices, malpractice insurance, new technologies, etc. Of all the ways to contain spending growth, we know from years of experience that provider reimbursement rates will likely be the first to get cut.

TRANSITION. Implementing single payer would require a gradual transition over a period of years. During this transition, taxpayers would have to pay the expense of building a new system while running the old one. New York will not want to foot that bill entirely, and would look to Washington for financial help. This additional layer of cost and politics would increase the difficulty and complexity of implementing any state-only single payer system.

Fundamentally, the single payer debate is not about single payer vs. no single payer. The challenge has been and will continue to be how we make New York's healthcare system sustainable, accessible to all, of the highest quality and affordable.

Healthcare Trustees of New York State

One Empire Drive | Rensselaer, NY 12144
518.431.7717 | www.htnys.org

CONNECT WITH US

@HANYScomm

HealthcareAssociation