

State delves into health-care coverage issue

By Barbara Pinckney, the Albany Business Review

July 18, 2008

A single-payer system? A market-driven plan? Something in between?

New York state will spend the next few months deciding the best way to provide health coverage for all of its people while improving the lot of its business owners.

There are 2.7 million uninsured people in New York. The Albany-based Fiscal Policy Institute has estimated that they use \$2.7 billion a year in uncompensated care, most of which is borne by employers through taxes and surcharges.

“It is not free care,” said Ray Sweeney, executive vice president of the Healthcare Association of New York State. “The insured sector is in some way or another subsidizing the others. There has to be a better way.”

A year ago, former Gov. Eliot Spitzer assigned Health Commissioner Richard Daines and Insurance Superintendent Eric Dinallo the task of coming up with a universal care plan. The effort has continued under Gov. David Paterson.

The Department of Health now has selected four proposals for further examination. The Washington, D.C.-based Urban Institute will run computer models to gauge the impact of the various plans on individuals, employers and the state.

The proposals range from a single-payer, all-government program to a market-driven plan that relies on the expansion of private insurance.

Mark Amodeo, director of government affairs for the Business Council of New York State, said the organization’s members still are examining the options, and have not yet selected a favorite.

He applauded the state's incremental approach and said he was primarily encouraged by the promise that the decision would be based, in part, on how each option would “improve the state's economy and the competitiveness of its businesses.”

Going to extremes

The first option is a “Medicare for All” plan with a single, government-run health care financing system. Doctors and hospitals would remain private - as opposed to working

for the government, as with socialized medicine - but private insurers would have no role. Coverage would be paid for with a “broad, progressive tax.”

Leslie Moran, spokeswoman for the Health Plan Association of New York State, said the Albany-based group’s problem with that option goes beyond the obvious. She sees the single-payer option as “fiscally unlikely” because it proposes an expanded version of the state’s benefit-rich Family Health Plus plan.

“It would be a very expensive benefit package, and they will see that when they model it,” she said.

This proposal also lacks the support of the rest of the business community.

“None of our members that I am aware of has come out in support of a single-payer plan,” Amodeo said.

Sweeney said a single-payer system does have its merits, such as lower overhead, but would be nearly impossible to accomplish on a state level.

On the other end of the spectrum is the “Freedom Plan,” which would promote private insurers and high-deductible plans called “freedom policies.” It also would expand eligibility for the Healthy New York plan for individuals and small businesses, provide relief from benefit mandates, and create a 50 percent tax credit to help people pay for insurance.

Sweeney said HANYS is concerned that simply making insurance more affordable would not guarantee coverage for all of the uninsured. He contended that the state would be best off avoiding the extremes - single-payer or market-driven - and selecting a plan somewhere in the middle.

Sharing responsibility

There are two such options.

The first would create the New York Health Plus program. Coverage would be provided by private insurers under a state contract, with premiums paid through a progressive tax. Employers and individuals could opt to purchase private insurance outside the state plan, and would receive tax credits. Doctors and hospitals would be given the right to organize and negotiate with health plans for better rates. The cost of the plan has been estimated at \$59 billion a year.

Moran said this is only “slightly more affordable” than the single-payer option, and argued that the collective bargaining aspect could drive up costs even further.

The final choice is a combined public-private program that would build on the current health care system. Public programs, primarily Family Health Plus and Child Health Plus,

would be expanded to cover more people. Reforms of the private market would include a merger of the individual and small group markets, adjustment to the community rating system and sliding subsidies.

Sweeney said this option, which he calls the “shared responsibility” plan, is the one HANYS has recommended. It is most similar to the system Massachusetts has used - with some bumps and some successes - for about a year.

“We’re saying shared responsibility is the way to go because it includes public programs to help the poor, but also puts an obligation on people on the higher end of the pay scale to buy coverage.”

Moran said the public-private option also is closest to what the Health Plan Association has recommended. However, she questioned the reliance, again, on the benefit-rich Family Health Plus.

“They are not even looking at other plans that could be attractive to the uninsured, including the young and invincible,” she said. “Why no lesser benefit packages for small businesses, or no transformational plans for people just entering the workforce?”