

**TESTIMONY OF THE CAPITAL DISTRICT ALLIANCE FOR
UNIVERSAL HEALTH CARE, INC. PREPARED FOR THE STATE
HEARINGS ON HEALTHCARE, GLENS FALLS, NEW YORK,
SEPTEMBER 5, 2007.**

PRESENTED BY RICHARD PROPP, MD, CHAIR

The Capital District Alliance for Universal Healthcare, Inc. ("CDAUH") is a grass roots group formed in 2005 for the purpose of educating and advocating for a universal health care system for all New Yorkers and all those residing in the United States. Currently there are approximately 18 religious congregations, social justice groups and advocacy organizations, as well as a number of individuals, who are part of CDAUH. We are an active group, meeting at least monthly. We sponsor community forums, provide speakers to business and community organizations such as Rotary, and participate in those arenas where access to health care is an issue. We also as a group believe that detailed knowledge of the issues, and an understanding of all perspectives, is important. We

continue to educate ourselves as this debate becomes more widespread in the media and elsewhere. We therefore believe we are well informed on universal healthcare.

CDAUH's mission is to help achieve a system which assures access to high quality health care for all. We support HR676, an expanded and improved Medicare for all, and believe that a national single payer health care system can be achieved. We understand political reality, however, and are here today to address how we believe New York State should implement its goal of achieving universal coverage in this state.

In reviewing the 23 questions which were disseminated as the basis for testimony in these hearings, we note what appears to be an underlying premise with which we strongly disagree. We do not agree that increased access to "health insurance coverage" is an essential component of achieving

universal health care. We believe that the fundamental question in these hearings should be: "How do we achieve universal health care", not, "How do we achieve universal health care coverage". There is a distinct difference. If the State is committed to truly providing all state residents with health care, the focus should not be on how to expand the private insurance market. The State should be committed to real, rather than illusory, universal health care. Recent experiences in other states have only begun to demonstrate the fallacy of the approach which requires everyone to be covered by insurance.

A single payer system is the only viable approach to providing universal health care. New York State should lead the way in implementing this kind of non-profit system for residents of this state.

We would like to make the following ten points:

1. The Failure of Private Insurance

Research has shown that private insurance companies have failed as a means for achieving affordable, accessible and quality health care. It is not the high cost of health care which makes health insurance unaffordable. Rather, it is the high cost of health insurance which makes health care unaffordable. The population without private insurance wants insurance but cannot afford the cost. Forcing them to spend money they don't have, or can't spare, to secure coverage is unrealistic.

2. The Costs of Private Insurance

Published studies show that the estimated direct and indirect overhead of private insurance is at least 35%. Given the financial considerations, including profit, which motivate private insurance companies, it is hardly realistic that they will

ever offer premiums which are truly universally affordable, and which provide adequate protection for all state residents. There is no way that New York State could afford to ensure that all are covered by health insurance if the dominant role of private insurance remains as it is.

3. Healthcare as a Social Good

The time has come when medical care should not be considered a profit making enterprise. It is time to stop subsidizing the insurance companies as well. Insurance costs are out of control. Even those who do purchase private insurance, whether group or individual policy holders, find the cost a constant concern. The population without health insurance is constantly growing. It is well known that too much time is spent by businesses and individuals shopping for better premiums, or negotiating with various insurance companies in an effort to find a better rate, often at the expense

of reduced benefits, when that time could be better spent on other more productive endeavors. Too much time and effort is spent by health care providers and individuals dealing with myriad insurance company requirements. We hear constant "horror stories", as well, from those who, believing they are adequately insured, find they are not. We also hear from those who are covered, but are forced to engage in prolonged struggles with a health insurance bureaucracy to get what they paid for.

4. Simplifying the Healthcare System

We need to simplify the health care system, not make it more complicated. Trying to structure a "universal" health care system which is based on a premise that everyone needs private insurance will only increase administrative costs. It has been well publicized that over one-third of every dollar spent on health care in this country now is spent on administrative costs. Health care providers

waste valuable time and resources meeting complicated insurance company requirements and advocating on behalf of patients to secure coverage for needed medical care. This is unnecessary and wasteful. It makes the health care delivery system much less efficient.

5. Advantages of a Single Payer System

The advantages of a single payer system are obvious. The model already exists in Medicare and could be easily expanded to cover all segments of the state's population. All persons would be covered. There would be no distinctions based on economic circumstances or employment. It would eliminate the need for existing programs for the indigent or other disadvantaged groups. Experience has shown that the stigma associated with such programs, and the administrative requirements, contribute to under enrollment. Costs would be standardized and the result would be a more

efficient and more even distribution of health care resources. Physicians and hospitals in rural as well as urban areas would be paid for all health care and would become viable providers.

6. Economic Benefits of a Non-Profit System

As the transition is made to a 5% overhead program, a strong incentive would be provided for businesses as well as individuals to relocate to our state.

School taxes, property taxes, costs of Workers' Compensation, and medical liability insurance, to name a few, would be moderated as health care costs were removed from the equation. Businesses would be more competitive nationally and globally. We believe that national concern with this issue has risen to the level where such a program would be seen as an attraction, rather than a financial liability.

7. Health Care Efficiency

A single payer system would both foster and contribute to a more efficient health care delivery system. Health care providers would not be saddled with the expense of a large administrative staff to deal with myriad, complicated insurance company requirements and could concentrate on providing health care. During the transition there would be a loss of private insurance jobs. We believe, however, that with retraining to meet the demand in other components of the health system, including the need for fiscal intermediary personnel, the net loss of jobs would be minimal at most.

8. Paying for a Single Payer System

We envision a single payer system financed by a graduated tax. While total health care expenditures would decrease, taxes would have to increase to pay for such a program. This is the way we pay for free education for all, fire and police protection, and

highways, all likewise costly endeavors. However they are considered necessary, and health care is just as necessary.

9. Costs of a Single Payer System

We believe a single payer health care system covering necessary medical expenses will not be as costly as many argue. For many, after current premium costs, co-pays, and deductibles are taken into consideration, net total expenditures for health care would decrease even with an increased tax liability. Such a program would create a 19 million person pool in New York State. Such is not the case in the current private insurance company market. The decrease in administrative costs with a single payer system would offset a significant portion of the increased cost. A single payer system would also have the ability to effectively negotiate with components of the health care delivery system, and particularly the drug

companies, to control costs, something private insurance companies are unable, or unwilling to do.

10. Patient Safety

Our main concern and bottom line is patient medical and financial safety. Each year, according to the federal Institutes of Medicine, there are at least 18,000 excessive deaths due to uninsurance and underinsurance. Each year, according to the distinguished journal "Health Affairs", there is a 50% higher 8 year mortality rate for diabetes, heart failure, and hypertension among the uninsured. Each year, according to Elizabeth Warren, a Harvard Law School professor, 500,000 Americans file for bankruptcy as a result of medical expenses.

In sum, we do not profess to have all the answers to the questions you posed for discussion in these hearings. However, we believe we have addressed

many of the issues put forth for discussion. We stress that for an increasing number of people in New York State the situation is dire. This calls for a radical rethinking by society and bold action by our government. Our position is clear and simple: New York State should promptly enact a single payer universal health care program to cover all residents with comprehensive health care benefits for all necessary care.

We would advance the ethos of a caring community concerned about each other. We contend that the market based approach has failed. We believe that viewing health care as a social good to be achieved as economically as possible is the correct path.

Between the talent in the health and insurance departments, the medical and hospital communities, other providers, and consumer advocates, we should be able to figure out how to create and phase in

such a program in New York State. Thank you for
your attention to our concerns.