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UNIVERSAL HEALTH COVERAGE FOR NEW YORK: BETTER COVERAGE FOR ALL OF US AT LOWER COST

*Richard N. Gottfried, Chair, Assembly Committee on Health
New York State Health and Insurance Departments "Partnership for Coverage" Public Hearing,
New York City, Tuesday, October 30, 2007*

My name is Richard N. Gottfried. I chair the Committee on Health in the New York State Assembly. I appreciate the opportunity to testify at today's hearing, which is part of Governor Eliot Spitzer's effort to "develop a plan for affordable, universal health insurance for all New Yorkers."

We have an historic opportunity to make our health care system dramatically better, more affordable, and fairer for everyone. If we do this right, it will be one of the most important public policy achievements in New York's history, comparable in scope and importance to creating universal public education.

This issue is not only about people who are uninsured. It is about all of us:

- People who have no coverage, have too little coverage, or lose coverage face serious health and financial damage.
- People with health coverage selected by their employer find their health plan often puts their employer's needs first. People who buy coverage on their own find the cost exorbitant, and the fine print makes intelligent consumer choice almost impossible.
- Employers – especially small businesses, low-margin businesses, or start-up companies – find the cost of coverage a burden. More employers are dropping coverage or shifting more and more of the cost – especially with high deductibles and limits on coverage – to employees who cannot afford it.
- Health care providers face endless hassles in dealing with health plans, and are not rewarded for providing preventive care.

A universal coverage plan for New York needs to benefit people who have coverage, employers who pay for most coverage, health care providers who live with our coverage system, and taxpayers who fund most of the health care system. It should promote better health care, bring costs under control, and relieve the financial burden almost all of us share and do that fairly.

The New York State Constitution says:

"The protection and promotion of the health of the inhabitants of the state are matters of

public concern and provision therefor shall be made by the state and by such of its subdivisions and in such manner, and by such means as the legislature shall from time to time determine.” (Article XVII, Section 3.)

Relying on employer-sponsored health coverage to meet this constitutional responsibility is wrong. We would never think of funding education or fire protection that way.

Educating children is a parent’s responsibility. But we expect our government to provide free quality education for every child. Shouldn’t that also be true for health coverage for every New Yorker?

New York should offer publicly-sponsored health coverage, like Child Health Plus but for everyone. Here is how I believe we can and should do it:

1. Build on what works: Expand our well established and widely popular Family Health Plus and Child Health Plus programs – publicly-sponsored comprehensive health coverage, delivered through a variety of participating health plans. These programs consistently show higher patient satisfaction rates than private insurance plans.

2. Open it to everyone: Remove income eligibility limits for this coverage. Every New Yorker would be eligible to enroll.

3. Guarantee choice: Individuals would pick their own participating health plan in the program, and individuals or employers could opt out and pay for private coverage if they choose.

4. Relief from high health care costs: No longer would any New York employer or individual have to pay premiums, deductibles or co-pays. By taking over the financing (but not the actual care), New York would be able to control costs, improve care, and pass on the savings to taxpayers.

A STRONGER ECONOMY

We can make New York dramatically more employer-friendly and job-friendly by eliminating the need for any employer to provide health coverage for its workers. This is especially important for start-up companies, small businesses, and low-margin businesses.

New York employers and individuals spend \$63 billion every year on premiums, deductibles, and co-payments. If everyone who now has private insurance or is uninsured enrolls in the plan, we would save \$10 billion – about 15% – while offering better and more secure coverage to every New Yorker.

One group of employers – school districts and local governments – spends over \$7 billion a year on health insurance premiums. If their employees and retirees choose to enroll in this plan, that would save billions for local property tax payers.

BETTER COVERAGE AND LOWER COST

This approach would more effectively control costs while also assuring better quality care

and more preventive care.

Health plans today are accountable mainly to cost-conscious employers, so they are under extraordinary pressure to refuse to pay for care and to pay as little as possible. The pressure from employers is almost entirely “downward.” Under my proposal, there would certainly be pressure from taxpayers and elected officials to control costs. And the state as purchaser would be able to do so.

But the key difference is that there would also be pressure on our elected government from millions of vocal voting customers to make sure that the state uses its power to make sure that participating health plans deliver quality care and deal fairly with patients and providers. So there would be a balancing of downward and upward pressure.

All patients who choose to join the plan – rich and poor – and health care providers would be in the same boat. That is the best guarantee that the Governor and the Legislature (not insurance companies) would make sure that the balancing of downward and upward pressure makes it the best possible boat. This is what has made Medicare such a successful and popular program.

Family Health Plus and Child Health Plus now provide comprehensive coverage at lower cost than anything employers or individuals can buy. New York sets the premium it pays. And unlike privately-sponsored coverage, New York has kept its premiums virtually flat for the last several years.

Under publicly-sponsored coverage, we can provide standards and incentives to improve the quality of care. But under privately-sponsored coverage, health plans have little incentive to promote quality or preventive care, because an individual patient is likely to have moved on to another employer or another health plan by the time any savings are seen.

FAIRNESS AND EQUITY

Today, we pay premiums and deductibles set by insurance companies, whether the person being covered is a receptionist, a manager, or the company president, and regardless of whether an employer is a huge prosperous company or a small business struggling to get by. And people who have gaps in their coverage, or buy their own coverage, or pay their medical bills without coverage face crippling burdens. By having the public as the sponsor of the coverage, the cost would be apportioned fairly.

IMPLEMENTATION

This approach does not require complex new programs or bureaucracies. It is built almost entirely from existing components. Family Health Plus and Child Health Plus would be merged to form the core of the plan. These programs have been up and running for years, providing quality care at lower cost.

Participating health plans would be allowed to take advantage of the state’s Preferred Drug Program, which now serves Medicaid and EPIC, to help control drug costs.

While the programs now provide some mental health coverage, they are, unfortunately, not covered by Timothy's Law requiring full parity. That would have to be changed.

Perhaps most significantly, participating health plans would need to expand their provider networks, which now primarily serve low-income communities. This will undoubtedly require higher provider payment rates and thus higher premiums. Also, the forms of coverage offered by participating plans should be expanded to include fee-for-service, preferred provider organization, and point-of-service plans, in addition to the current managed care plans. My cost and savings estimates take these factors into account.

Implementation could be phased in. The income eligibility for fully-publicly-funded Family Health Plus-Child Health Plus could be raised in stages and then eliminated. The recently-enacted Employer Buy-In and Premium Assistance programs can be used to encourage people with employment-based coverage to switch to Family Health Plus before and during implementation of the plan.

IS THIS ACHIEVABLE?

Universal coverage is a major issue not just because a minority of the population lacks coverage, but because the overwhelming majority is fed up with our current system.

The strong bipartisan Congressional support for the expansion of the Federal State Child Health Insurance Program (SCHIP) and the extraordinary popularity of Medicare show the great success of publicly-sponsored coverage.

Nevertheless, the approach I advocate will be attacked as "government health care" and "new taxes." But that attack will be leveled against almost any serious alternative for universal coverage. Yet those alternatives leave most of the flaws of the current system untouched. So while New Yorkers would hear scare talk about how those alternatives would hurt them, the vast majority of New Yorkers would not see how they would benefit.

If a plan is going to be attacked, as any plan worth its salt will be, it should be a plan that actually delivers the benefits of a public role, namely: a more employer-friendly and job-friendly environment; relief for individuals and local taxpayers; real universal access; ability to control costs while promoting preventive care and quality care; fairness and equity; protecting consumer choice; and speed and simplicity of implementation.

This approach will do that. Hardly anything else can.

With Governor Spitzer's leadership and support, we can indeed make one of the most important public policy achievements in New York's history.