



CAMPAIGN FOR NEW YORK HEALTH

Economic Analysis of the New York Health Act

A report by Prof. Gerald Friedman, UMass/Amherst

An Overview

- Analyzes the economic impact of the New York Health Act, legislation proposed by Assemblyman Richard Gottfried and Senator Bill Perkins, which would establish a **comprehensive universal health insurance program for all New Yorkers**.
- Under current conditions, **the share of state income spent on health care** and the administration of the health care system **will rise to 18 percent by 2024**, much faster than incomes are rising. **The average cost of an employer-provided family plan in New York today is over \$17,500 with an average family deductible of over \$2200.**
- One-third of Americans report they were unable to access needed medical care because of its cost. **New York Health would eliminate financial barriers to care.**
- New York Health would replace the current multi-payer system of employer-based insurance, individually-acquired insurance, and federally sponsored programs (e.g., Medicare and Medicaid) with a **single billing pipeline funded by progressively-graduated assessments collected by the state and based on ability to pay.**
- By reducing burdensome billing expenses, administrative waste, monopolistic pricing of drugs and medical devices, and fraud, **New York Health would reduce overall health care spending by 15 percent or \$45 billion per year by 2019.**
- The reductions would include:
 - **Elimination of overhead and profit of private health insurance companies**
 - **Savings on doctor and hospital billing and insurance-related expenses**
 - **Cost of employer administration of health insurance plans**
 - **Greatly reduced drug and device prices**
 - **Reduced waste and fraud**
- New York Health would expand and improve our current health care system:
 - **Expand coverage to include all of the uninsured**
 - **Eliminate copays and deductibles**
 - **End the underpayment for Medicaid and Medicare services.**

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An Overview (cont.)

New York Health would be funded by assessments on payroll and on non-payroll income (e.g., capital gains, dividends and interest). These would be graduated according to income, reducing the burden on the sick, the poor, and the middle class. Employers would pay 80 percent of the payroll assessment; employees would pay 20 percent. **The largest savings would go to working households earning less than \$75,000. Over 98% of New York households would spend less on health care than they now spend.**

Savings through New York Health vs Employer-based Health Insurance						
Annual Income	Cost under NY Health		Average Saving for Individual Coverage		Average Savings for Family Coverage	
	Employer	Employee	Employer	Employee, including cost of deductible	Employer	Employee, including cost of deductible
Less than \$25,000	\$0	\$0	\$4,865	\$2,403	\$13,298	\$6,505
\$50,000	\$1,800	\$450	\$3,065	\$1,953	\$11,498	\$6,055
\$75,000	\$4,000	\$1,000	\$865	\$1,403	\$9,298	\$5,505
\$100,000	\$6,400	\$1,600	-\$1,535	\$803	\$6,898	\$4,905
\$200,000	\$17,600	\$4,400	-\$12,735	-\$1,997	-\$4,302	\$2,105
\$400,000	\$43,200	\$10,800	-\$38,335	-\$8,397	-\$29,902	-\$4,295

Notes:

NYHealth payroll assessments: <\$25K: 0%; \$25K-50K: 9%; \$50K-75K: 11%; \$75K-100K: 12%; \$100K-200K: 14%; over \$200K: 16%

from Economic Analysis of New York Health Act, by Gerald Friedman

Average New York individual premium = \$6,156

Average New York family premium = \$17,530

Average New York employee premium contribution, individual = \$1,291; average deductible, individual = \$1,112

Average New York employee premium contribution, family = \$4,232; average deductible, family = \$2,273

(All figures from Medical Expenditure Panel Survey, AHRQ/DHHS 2013)

http://meps.ahrq.gov/mepsweb/data_stats/state_tables.jsp?regionid=26&year=2013

Savings through New York Health vs Health Insurance bought on ACA Marketplace (NYState of Health)						
Annual Income	Estimated ACA premium tax credit		Cost of ACA Silver Plan w/dental & deductible after ACA premium tax credits		NYHealth savings	
	Individual	Family*	Individual	Family*	Individual	Family*
Less than \$25,000	\$2,751.00	N/A Medicaid	\$4,403	N/A Medicaid	\$4,403	N/A Medicaid
\$50,000	\$0.00	\$9,374.00	\$7,154	\$9,314	\$4,904	\$7,064
\$75,000	\$0.00	\$5,544.00	\$7,154	\$13,144	\$2,154	\$8,144
\$100,000	\$0.00	\$0.00	\$7,154	\$18,688	-\$846	\$10,688
\$200,000	\$0.00	\$0.00	\$7,154	\$18,688	-\$14,846	-\$3,312
\$400,000	\$0.00	\$0.00	\$7,154	\$18,688	-\$46,846	-\$35,312

Note:

ACA Silver Plans, adult w/dental, NYC = \$5,154 avg premium (\$429.50/mth) + \$2,000 deductible

ACA Silver Plans, family w/dental, NYC = \$14,688 avg premium (\$1,224/mth) + \$4,000 deductible

<https://nystateofhealth.ny.gov/individual/searchAnonymousPlan/search>

<http://kff.org/interactive/subsidy-calculator/#state=ny&zip=10024&income-type=dollars>

*Family defined as 2 adults and 2 children under 19 years of age

<http://info.nystateofhealth.ny.gov/calculator>