

FINANCING HEALTH CARE IN NEW YORK

The Case for Single Payer

Paul Sorum, MD, PhD
Professor of Internal Medicine and Pediatrics
Albany Medical College
(sorump@mail.amc.edu)
Chair, Capital District chapter of Physicians for a National
Health Program

Single Payer

- 1st principle: comprehensive coverage for everyone
- 2nd principle: public financing that is
 - Broad-based & equitable
 - Transparent & dedicated
 - Sufficient
 - Not seen by public as burden
- 3rd principle: one state, one plan: role of private insurers only supplementary

Savings from Single Payer

- Decrease in administrative costs
- Negotiation of lower prices with pharmaceutical & medical equipment companies
- Willingness of providers to accept restraints on reimbursements
- Ability to shift resources to primary care
- Ability to enforce single set of quality improvement rules

Table I: Covering Everyone with No Additional Spending (California, Lewin Group, Jan. 2005)

Additional costs

Covering the uninsured and poorly-insured	+6.4%
Elimination of cost-sharing and co-pays	<u>+5.1%</u>
Total Costs	+11.5%

Savings

Reduced insurance administrative costs	-5.3%
Reduced hospital billing costs	-1.9%
Reduced physician office costs	-3.6%
Bulk purchasing of drugs & equipment	-2.8%
Primary care emphasis & reduction of fraud	-2.2%
Total Savings	-15.8%
Net Savings	- 4.3%

Table 2: NY Health Reform Options

Columbia University, Mailman School of Public Health (preliminary)

	Insured through plan (1000s)	Reduction in uninsured (1000s)	Crowd out of current insured (1000s)	Added state government costs (\$millions)	Net increase in health spending (\$millions)
Single Payer	19,000	2,600	11,300	\$68,600	\$7,500
Building Block I (mandate)	2,600	2,100	500	\$4,700	\$6,600
Building Block II (mandate)	2,800	2,200	600	\$6,000	\$7,000
Cornerstone for coverage	3,000	1,200	1,800	\$4,400	\$2,400
Rx New York	250	250		\$200	\$750

Additional Taxes in NY Single Payer Proposal

- Surcharge on income: 1 percent of annual income above \$200,000
- Self-employed business tax on net income: 10 percent (\$10,000 annual floor)
- Payroll tax to provide the remaining necessary income (with a \$10,000 annual income floor & no ceiling)
 - California 2003 bill
 - Payroll tax: employers 8.17%, employees 3.78%, total 11.95%
 - Employers already providing insurance: average savings of \$775 per worker (decrease from \$4,723 to \$3,947)
 - Employers not already providing insurance: average \$2,290

For more information

- Single Payer New York:
www.singlepayernewyork.org
- Physicians for a National Health Program:
www.pnhp.org