



# S.5474 (Rivera) / A.6058 (Gottfried)

STAFF CONTACT : Lev Ginsburg, Esq. | Senior Director of Government Affairs | 518-694-4462

<b>BILL</b> S.5474 (Rivera) / A.6058 (Gottfried)
<b>SUBJECT</b> Creation of Government Run Health System
<b>DATE</b> April 16, 2021
<b>OPPOSE</b>

The Business Council of New York State strongly opposes S.5474 (Rivera) / A.6058 (Gottfried), creating the New York Health Plan, a government-run health care system.

The system would draw revenues from a massive new payroll tax (2 percent on employees, 8 percent on employers and 10 percent on the self-employed with additional surcharges on other taxable income, now including capital gains). The bill imposes no effective limit on these new taxes; in effect, it creates a parallel income tax structure with no set tax rates or tax limits. Given New York’s current economic situation, a 10 percent levy on payrolls and other surcharges, with an estimated price tag nearing \$250,000,000,000 annually, now is the very worst time to even contemplate such an extreme reinvention of our current health system.

Every year, the reintroduction of this legislation brings with it new coverages, ever increasing the cost of the proposed program. This year, the sponsors have even added coverage for non-New Yorkers employed by New York businesses, thus imposing even more burden on New York’s tax payers, who would be burdened with insuring non-New Yorkers. Additionally, larger employers, who tend to self-insure to provide coverage for their employees, would be subject to this tax, despite their expenses in covering their employees.

Further, in an even more radical move, this bill makes group health insurance coverage illegal in New York State, prohibiting the issuance of insurance policies that “duplicate” coverage offered to individuals under the New York Health Plan. In this one provision, this bill eliminates an entire industry sector in New York, and the jobs and family income that goes with it, as well as eliminates coverage choice and options for the vast majority of New Yorkers. It is estimated that upon the effective date of this bill, some 150,000 New Yorkers will lose good-paying jobs, matching the jobs lost in the “Great Recession” with one legislative act.

Amazingly, the sponsor's bill memo's contains no real fiscal or economic impact assessments, no calculation of the amount of new taxes to be imposed, no apparent consideration of the adverse economic impact of eliminating an entire industry sector and its related jobs, or any other evidence of a serious assessment of its costs and benefits. The bill completely dispenses with any meaningful cost containment provisions.

At an estimated \$250,000,000,000 per year price tag, this bill will almost triple the State's budget. Any real effort to contain the price of this program would inevitably have to ration care and will undoubtedly lower the quality of health care for everyone. There will be substantially less potential payoff for health care innovation and less investment in advanced medical equipment and new technology. Also, despite the bill's provisions for collective bargaining, like other existing socialized medicine systems, it will ultimately provide substantially lower payments to health care providers and will lead to both shortages and inferior quality of care in the long run.

This bill would create one of the most radical government-run healthcare systems in the world. This bill will restrict health care choices for New Yorkers, diminish the quality of health-care in the State, increase the tax burden for every working New Yorker in almost unimaginable and staggering ways and make the New York the least attractive place to do business on the continent.

The Business Council remains committed to working with the sponsors and all New Yorkers toward the goal of universal coverage, a goal that we have achieved 95 percent to date. On behalf of the vast majority of New Yorkers who are happy with their current coverage and the majority who do not want the adoption of this program, we seriously question the reasoning and need to undo our entire system, throwing our economy in turmoil.

For these reasons The Business Council opposes the enactment of S.5474 (Rivera) / A.6058 (Gottfried) in the strongest terms possible.