



HCFANY Evaluation of NY Health Plus Reform Proposal

Assemblymember Gottfried—New York Health Plus

In December 2007, Assemblymember and Chair of the Assembly Committee on Health Richard Gottfried proposed the New York Health Plus proposal (NYHPlus) for health reform in New York State. This proposal would provide universal publicly-financed insurance coverage, achieved in the following way:

The Proposal

- A choice of an expansion of Family Health Plus (FHP) and Child Health Plus (CHP) or a fee-for-service program run by the state. The state would pay all premiums from its own funds for all residents of New York.
- Automatic enrollment of all New York residents into NYHPlus, regardless of income. New Yorkers would be able to opt out and receive

a limited tax credit to purchase private insurance if they wish to.

- Employers may choose to opt out and purchase private insurance in exchange for a limited tax credit to ensure that they do not pay twice for employee health coverage.
- Participants would select either a private plan or a public plan, like traditional Medicare.
- Private plans contracted by the state would administer the plans, similar to today's FHP and CHP.
- The benefit would be similar to those in FHP and CHP, expanded to include parity for mental health coverage. They would not include long term care.

Two cost-controlling features: (1) a re-establishment of Health Systems Agencies (see box below) to promote health planning and cut costs, and (2) introduction of collective negotiation between health care practitioners and health plans.

Collective Impact

The proposal estimates savings of roughly \$4 billion per year from the current \$63 billion that individuals and employers pay in health insurance premiums, deductibles, and co-pays. This would be financed through some form, as yet undetermined, of progressive taxation.

The plan envisions that these changes could be phased in gradually, with income eligibility for FHP and CHP rising over time until it is eventually eliminated.

Health Systems Agencies

Until the mid-1990's, New York was home to a network of private non-profit regional advisory groups called Health Systems Agencies (HSAs). These agencies performed a number of functions to help control costs and promote health planning, such as providing advice on certificate of need applications and other matters for the Public Health Council and State Hospital Review. In addition to this, HSA's monitored health care needs and hospital services, provided regional data collection, technical assistance, and analysis.

While the majority of HSA's were phased out due to an elimination of state funding in the 1990's, they still exist in state statute. Only two HSA's remain in operation—in the Finger Lakes region and Central New York.

HCFANY's evaluation of the NYHealth Plus proposal:

This proposal does an excellent job of meeting HCFANY's standards. The expansion of FHP through public financing would mean that all New Yorkers, regardless of income, would have access to affordable comprehensive coverage.

As the plan requires significant additional public spending, a more thorough analysis of how that funding would be raised would also be welcome, together with some thoughts on how taxpayers' (individuals and businesses) after-tax and after-health financial positions would be affected.

The following symbols are used to show how the NYHPlus proposal measures against HCFANY's 10 standards.

- 😊 = Meets standard
- 😐 = Partially meets standard
- 😞 = Does not meet standard

HCFANY's 10 Standards for Quality, Affordable, Health Care for All

- 😊 **Everyone must have health coverage and access to health care:** NYHPlus is a health care for all proposal. It covers all state residents, regardless of immigration status and removes financial barriers to obtaining coverage.
- 😊 **Health coverage must be affordable to the family budget:** Health coverage would be "free" to individuals because the state would pay all premiums. However, with several options for public financing, it is difficult to assess the effects on the family budget that any new taxes may bring.
- 😊 **Health coverage must include comprehensive benefits to meet people's needs:** NYHPlus meets this standard with its envisioned benefit package.
- 😐 **Government should be an active watchdog and regulator of health care system:** NYHPlus does not directly address this standard, but the role of government in the provision of health insurance is central and the state would likely have significant opportunity create and enforce strong consumer protections.
- 😐 **Health coverage must promote equity in health care utilization and outcomes:** NYHPlus does not directly address this standard, but the expansion of coverage to all would help eliminate disparities in rates of insurance. The proposal also envisions that the state's powers to control reimbursement rates could be used a tool to eliminate disparities in the delivery of care.
- 😊 **Existing and new public health insurance programs must be administratively simple to ensure enrollment:** Since the only requirement for NYHPlus enrollment is state residency, enrollment should be extremely administratively simple.
- 😊 **Everyone should have the choice of a public health plan:** This proposal meets this standard, as everyone would have access to a "pure" public plan modeled on Medicare fee-for-service coverage.
- 😊 **Health care reform should include effective cost controls that promote equality:** NYHPlus would re-establish health systems agencies, reducing system costs through planning, and would set up a system of provider bargaining with health plans.
- 😊 **Employers' health coverage costs should be predictable and proportional to their total labor costs:** NYHPlus has several options for public financing. If a social security-style payroll tax is adopted, then this standard will have been met. If the financing is drawn more from personal and corporate income taxes, then employers' health coverage costs, while predictable, would no longer necessarily be proportional to their labor costs.
- 😊 **The safety-net health care delivery system must be preserved and enhanced:** NYHPlus would benefit the safety-net health care system by eliminating the current burden it faces in treating so many uninsured patients.

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