

## EDITORIAL

# The painful questions of single-payer care

BY THE EDITORIAL BOARD

The New York Health Act, which would launch state-financed single-payer health care in New York, has passed in the state Assembly four years in a row but gotten nowhere in the Senate. But the politics of the moment are creating serious talk around this revolutionary idea.

Republicans face an enormous challenge this November from Democrats hoping to take control of the State Senate, with health care sure to be a key issue. There is also a broader war between establishment Democrats and younger, more liberal upstarts for whom support for single-payer care is a given. Democratic gubernatorial challenger Cynthia Nixon is an ardent supporter, while Gov. Andrew M. Cuomo says he is open to it.

So the Assembly bill — which would provide free health care with no copays, deductibles or premiums for every New York resident — is taking center stage. The law would be a boon to the 1.1 million people who have no health insurance. And it could help many of the 18 million New Yorkers who have insurance but must pay large premiums, deductibles and copays.

But President Donald Trump has made it clear he won't grant a needed waiver or allow the state's federal Medicare, Medicaid and Affordable Care Act funding to be used for a single-payer system in any state. So the debate right now is about the idea of single-payer health care, not the actuality.

The Assembly plan would cost a fortune, but much of it would be covered by the diversion of that federal funding to the single-payer system. A study by the RAND Corp., a

Taxpayer-funded coverage for all in New York would produce costly side effects. Gradual change is a better antidote.

nonprofit analytical think tank, concluded that a single-payer system would force New York to raise another \$139 billion in state tax revenue to cover the program for 2022, the first year it modeled. That's a mind-boggling 156 percent increase in state tax revenue. The pending bill would raise that money through a huge increase in the state income tax, offset for some companies and individuals because they no longer would have to pay for care or coverage.

The RAND study, which was embraced by New York Health Act sponsor Assemb. Richard Gottfried, made some assumptions to raise that \$139 billion. The state income tax rate now ranges from 4 percent to 8.82 percent. Under the projection, the state tax would rise to 10 percent for the first \$27,000 in household income. For earnings between \$27,000 and \$141,000 it would be 18 percent. For income above \$141,000 it would be 27 percent.

Employers would pay 80 percent of the increase, employ-

ees 20 percent. But the self-employed, or people whose income comes from investments, would pay it all. And companies with fewer than 50 employees, not currently required to offer health care, would be required to begin paying these

medical professionals and drug companies might be unwilling to accept lower rates. And it acknowledges there is no way to be sure how much demand would increase when all covered medical services are free to all New Yorkers, or how that would affect care quality.

And other unimagined consequences are likely. What would be the effect on the economy of shuttering health insurance companies? How could we persuade young people to become doctors and nurses with the threat of lower pay while training remains expensive?

These are questions that could be answered via a long-term plan to convert to a single-payer system nationwide. Creating more access to Medicaid and buy-ins to Medicare would be a start. So would offering government-funded medical education for students who would then provide government-funded care at lower salaries. The federal government could begin bargaining hard to reduce drug prices. It could incentivize providers to give cheaper, better care, and incentivize consumers to make prudent decisions about seeking services. It could give health insurance companies time to adapt. And it could set up a tax structure to pay that would be more fair than massive tax hikes on individuals, and impossible to escape via a move across the Hudson.

"Single-payer now!" is a wonderfully simple slogan. It's likely the future of health care in the United States. But right now, we need to find a way to get health insurance for the 6 percent of New Yorkers who don't have it without devastating the system that provides coverage for the other 94 percent.



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taxes, which could be devastating.

According to the study, 90 percent of New Yorkers would pay less under the plan. About 10 percent would pay more. But the top 5 percent of households, who make an average of \$1,255,700 annually, would pay about \$150,000 more a year to fund the program.

The problem, as the study concedes, is the possibility that many of them wouldn't pay. They would take their wealth and earnings and leave New York. Businesses with high-earning employees would likely decamp, too. If the top half of 1 percent of earners fled, Rand concedes, the plan would come up \$33 billion short in its first year.

The study also assumes some payments to health care providers would be lower than they are now, and points out that