

Potential Effects of a Single-Payer Health Option for New York State

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About the study

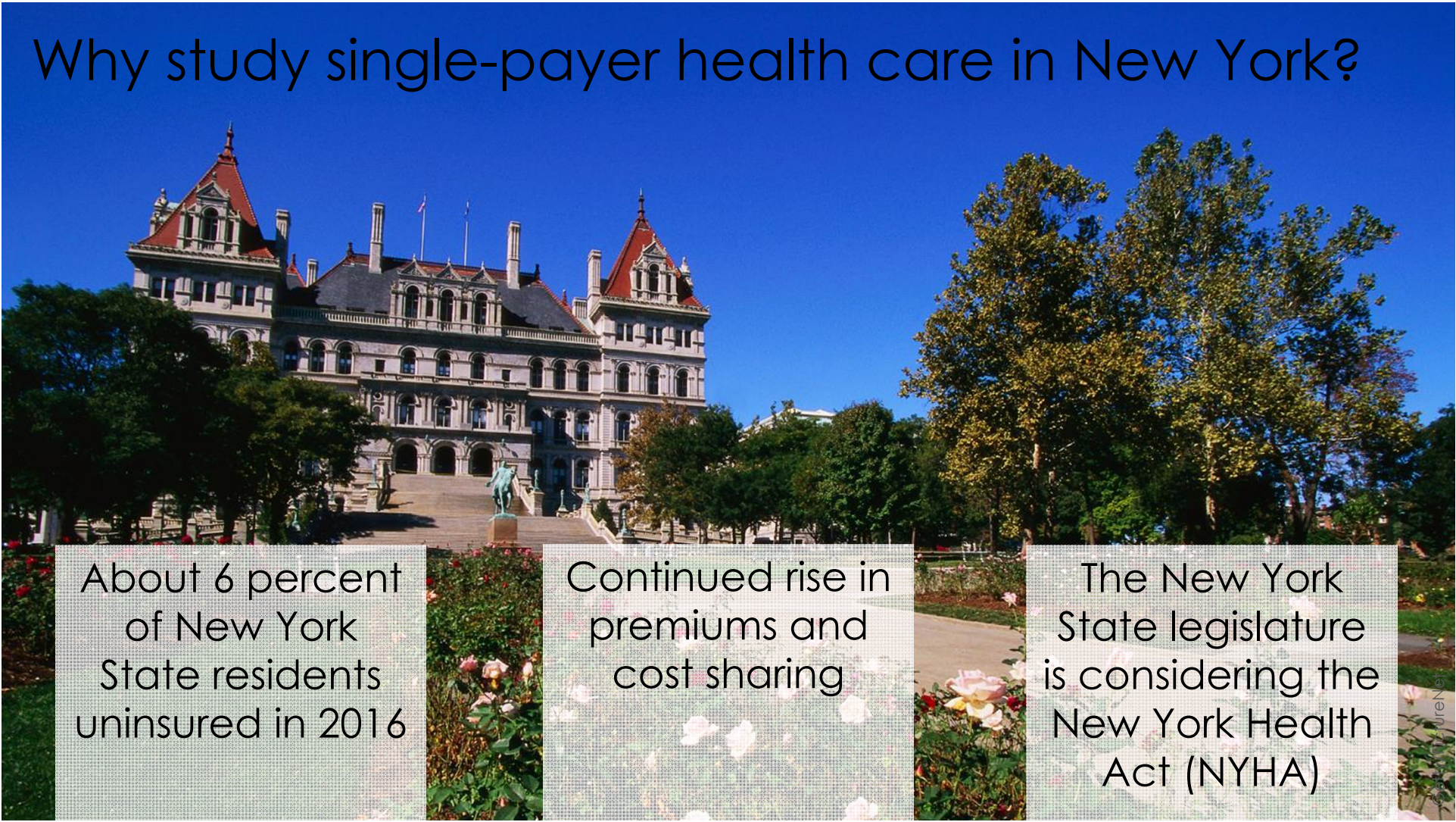
The research was conducted in RAND Health, a division of the RAND Corporation

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Report available at www.rand.org/t/rr2424

Brief available at www.rand.org/t/rb10027

Why study single-payer health care in New York?

A photograph of the New York State Capitol building in Albany, New York. The building is a large, ornate, light-colored stone structure with a red-tiled roof and multiple towers. It is surrounded by green trees and a clear blue sky. In the foreground, there are some green bushes and a statue on a pedestal.

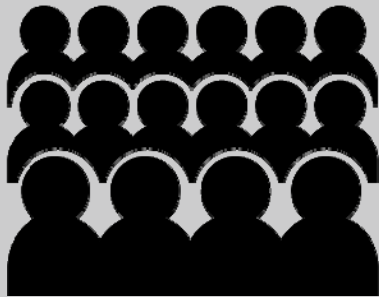
About 6 percent
of New York
State residents
uninsured in 2016

Continued rise in
premiums and
cost sharing

The New York
State legislature
is considering the
New York Health
Act (NYHA)

The state-sponsored New York Health (NYH) plan would provide comprehensive coverage to all

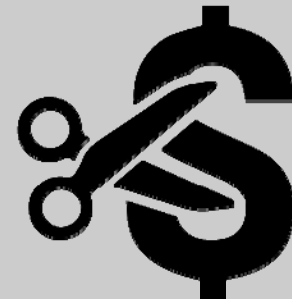
Cover all
New York residents



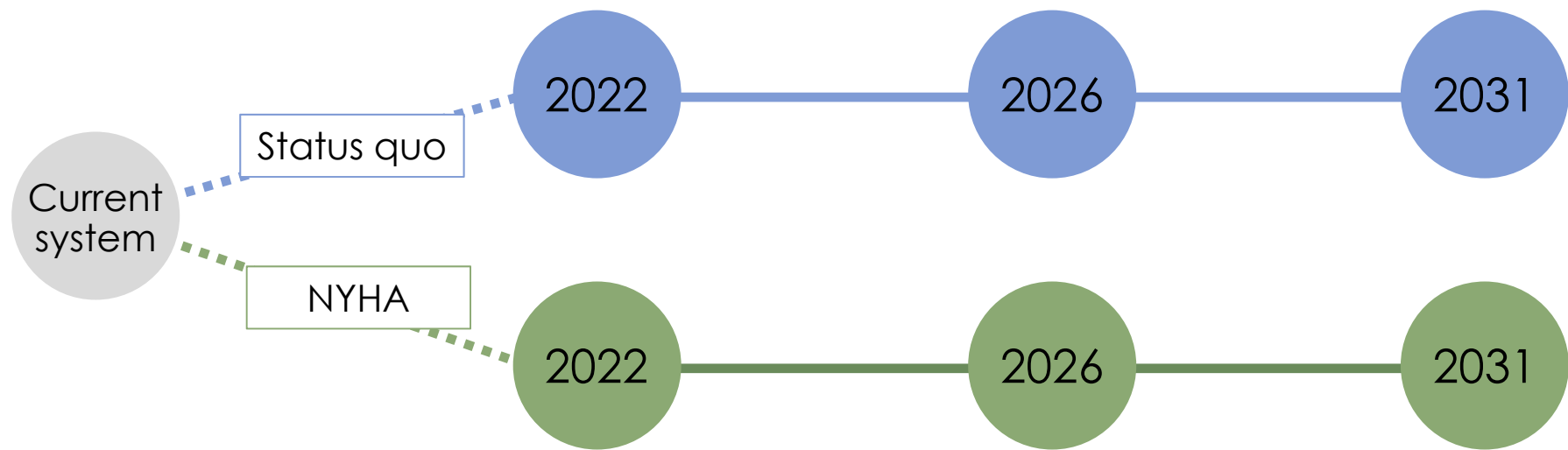
Wide scope of
health benefits



No cost sharing

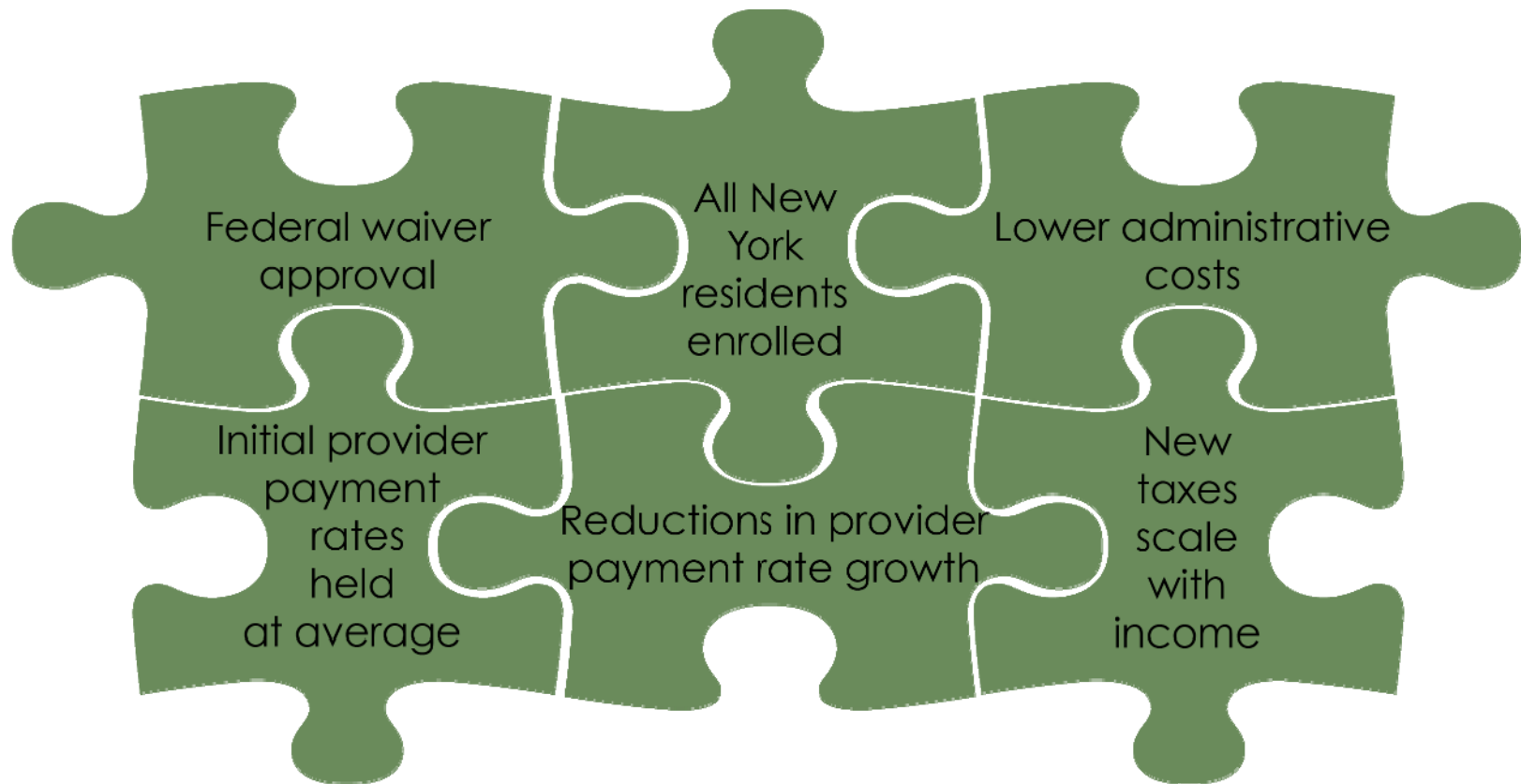


We modeled the effects of the NYHA on utilization and costs

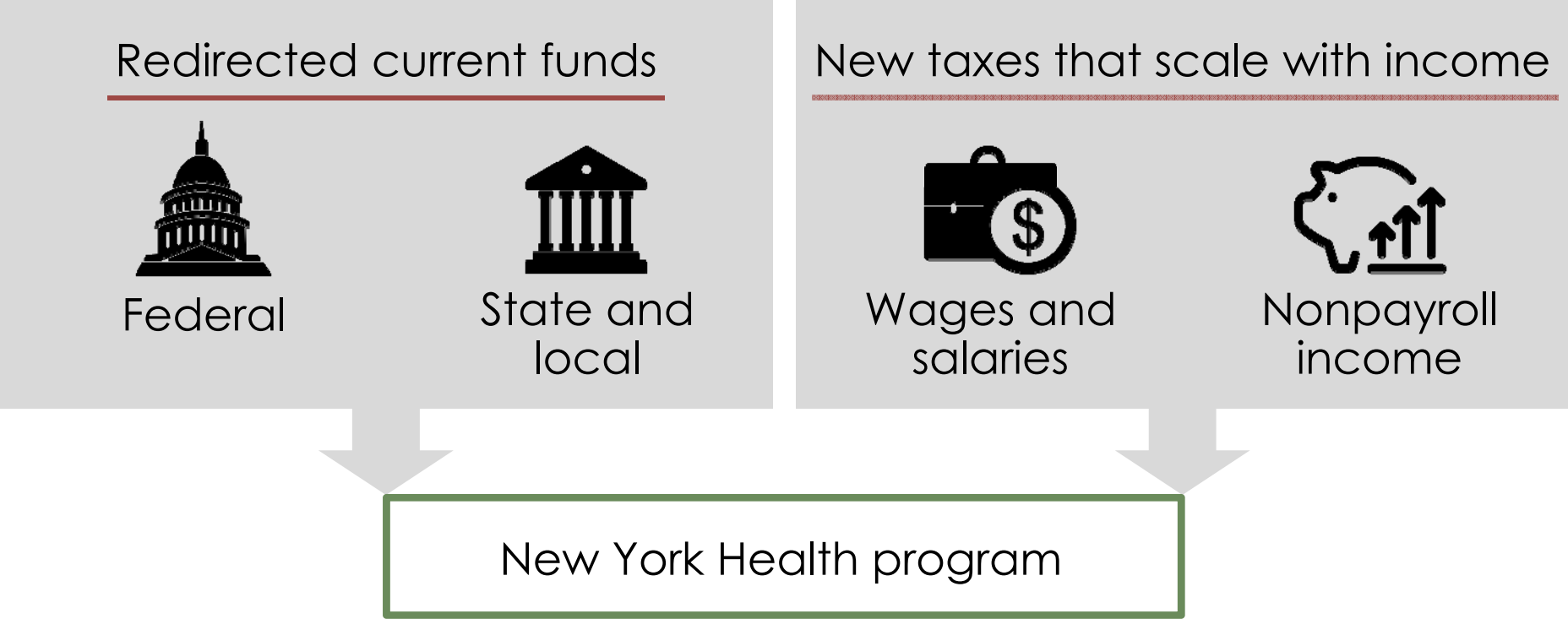


- Used base case assumptions for main analysis
- Additional analysis considered alternative assumptions, including addition of long-term care benefits

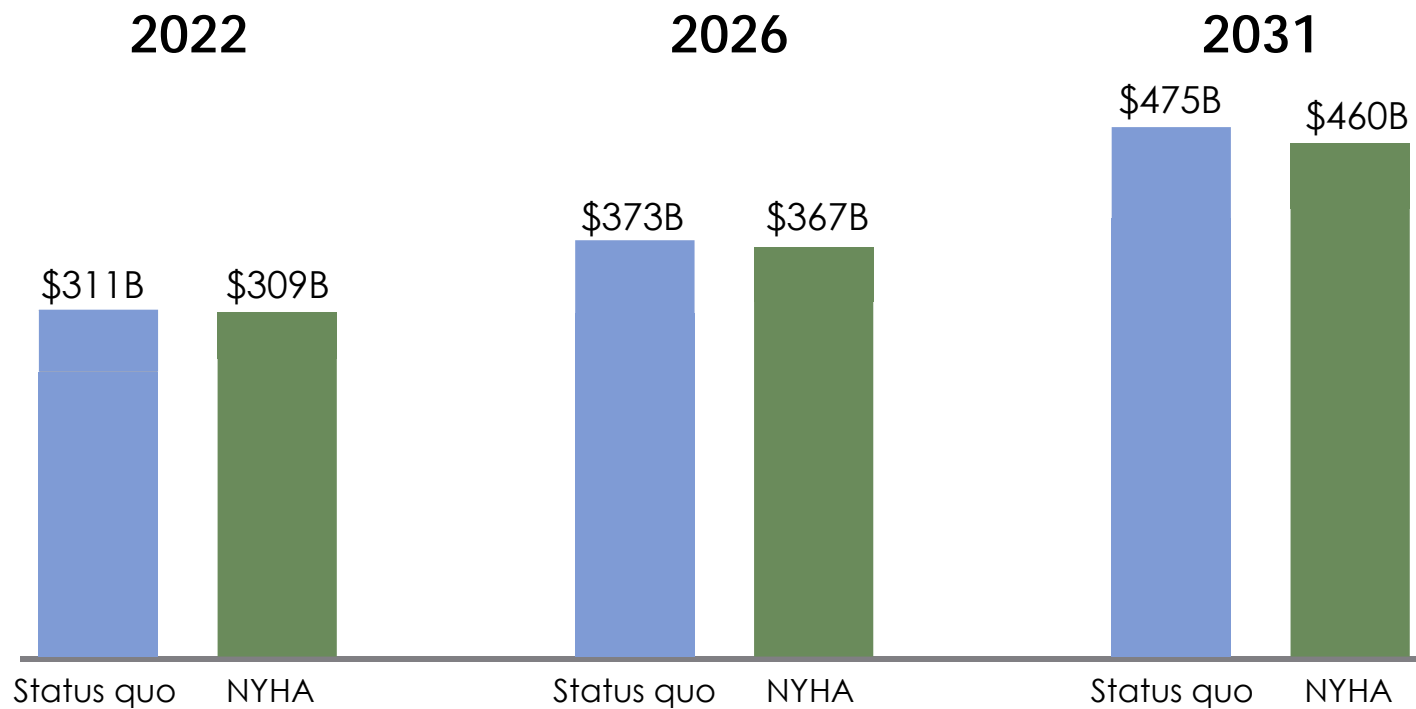
Modeling results depend on several base case assumptions



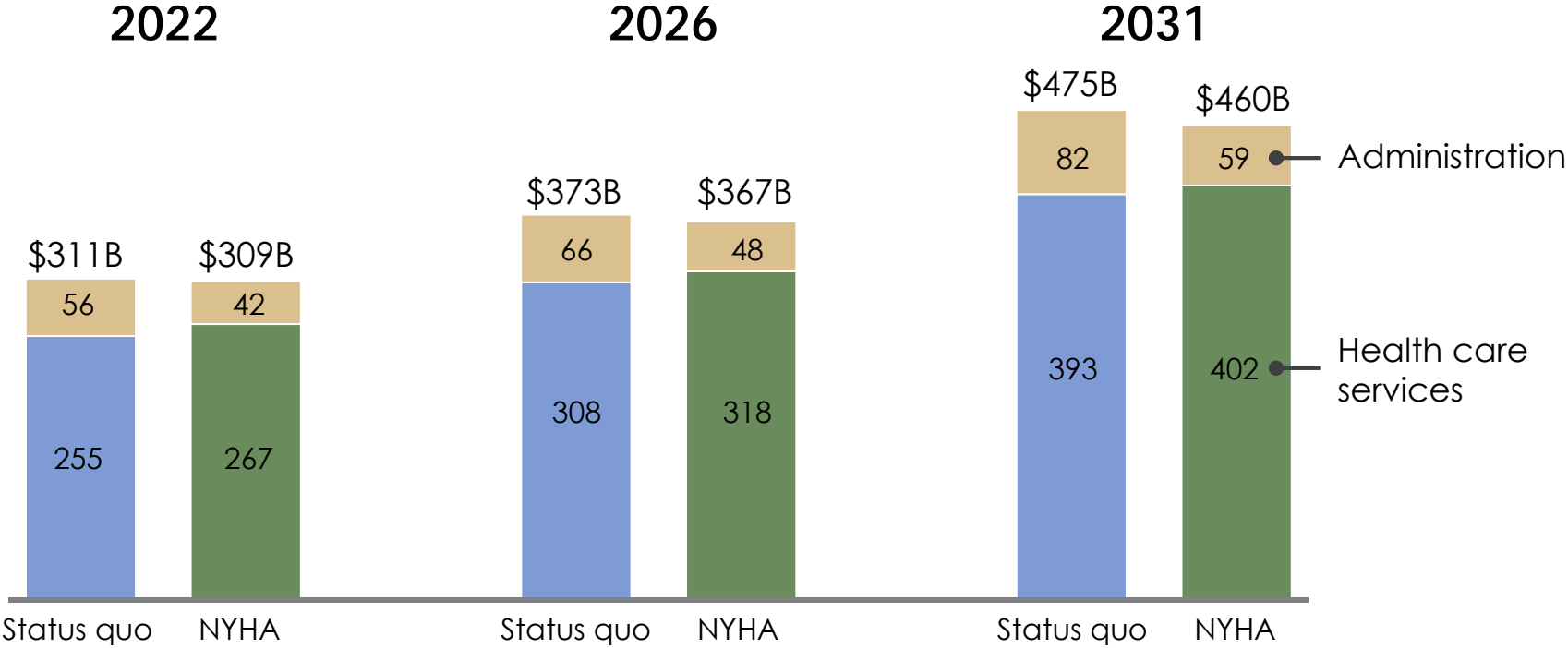
Financing would come from redirected health care funding and new taxes



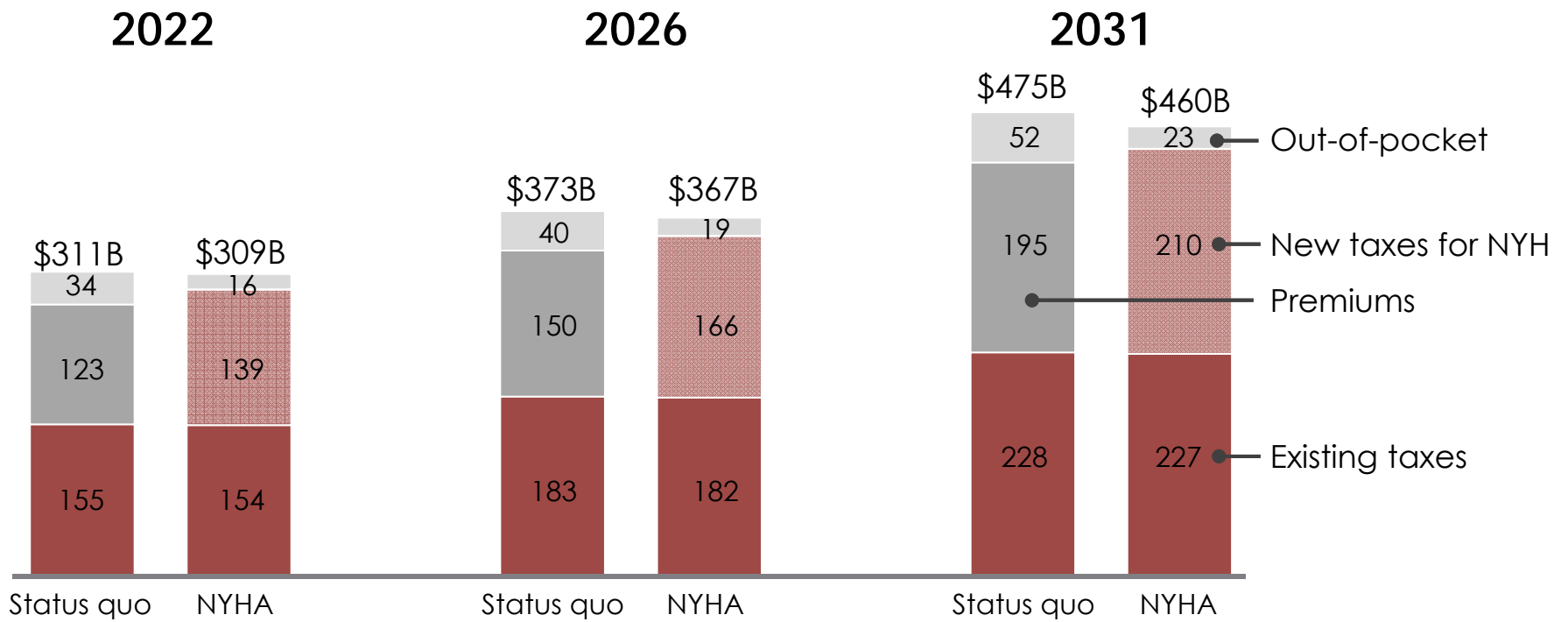
Total health care spending would be similar initially, but would fall over time



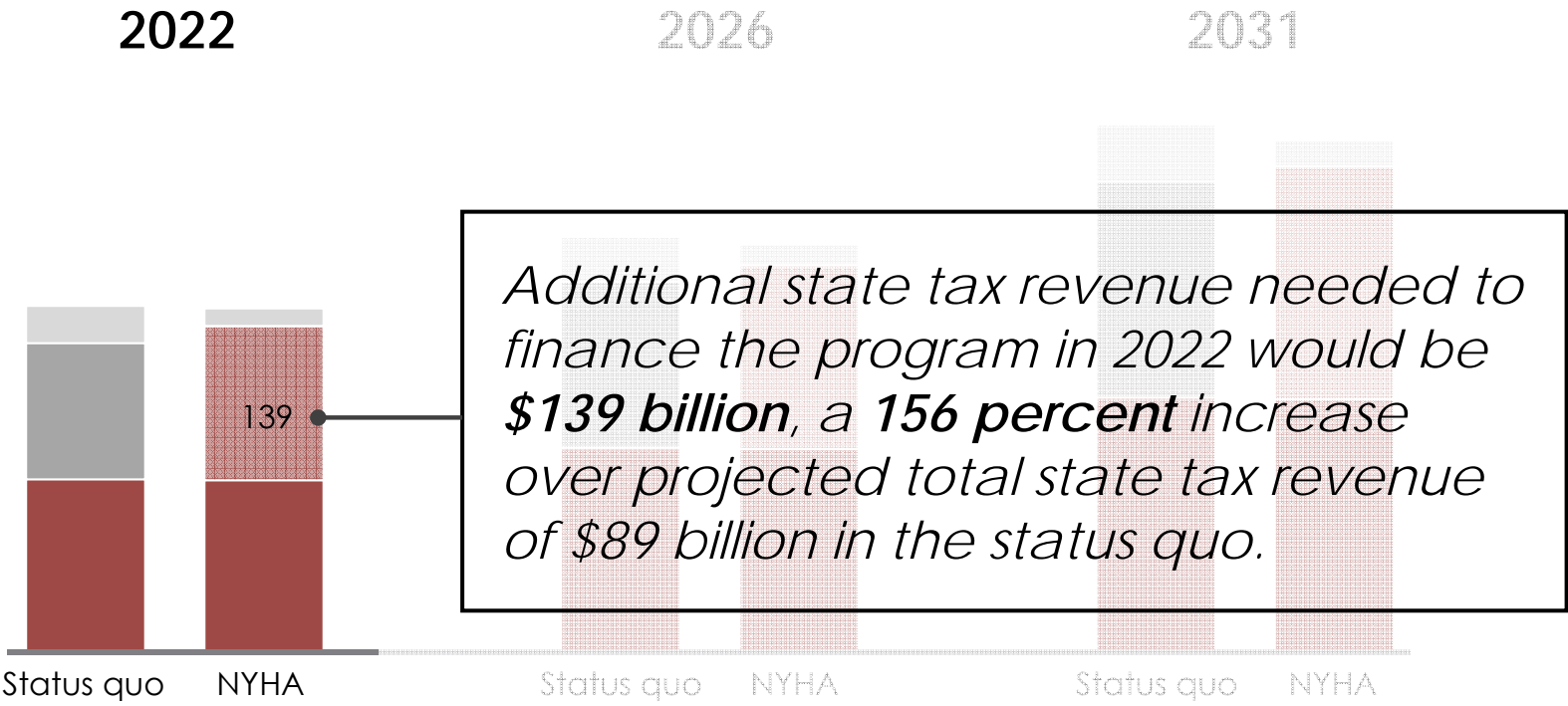
Use of health care services would increase, but administrative costs expected to decrease



Taxes would replace premiums and out-of-pocket payments as key source of health care financing



New taxes represent a substantial increase in state health care outlays



We estimated one possible tax schedule that meets the financing needs

2022

| Income | Tax Rate (%) Payroll / Nonpayroll |
|------------------------|--------------------------------------|
| ≤\$27,500 | 6.1 / 6.2 |
| \$27,501– \$141,200 | 12.2 / 12.4 |
| >\$141,200 | 18.3 / 18.6 |

2026

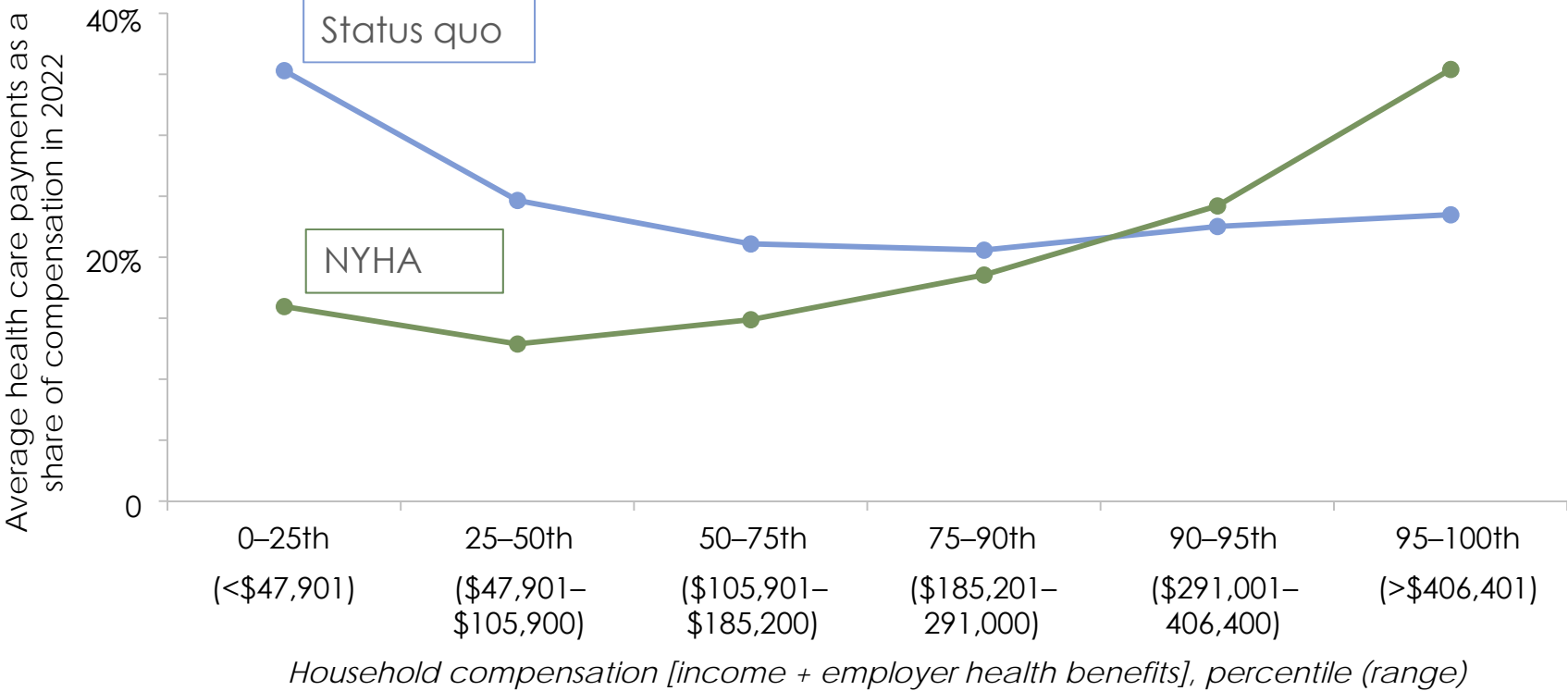
| Income | Tax Rate (%) Payroll / Nonpayroll |
|------------------------|--------------------------------------|
| ≤\$30,200 | 6.3 / 6.2 |
| \$30,201– \$155,200 | 12.6 / 12.4 |
| >\$155,200 | 18.8 / 18.6 |

2031

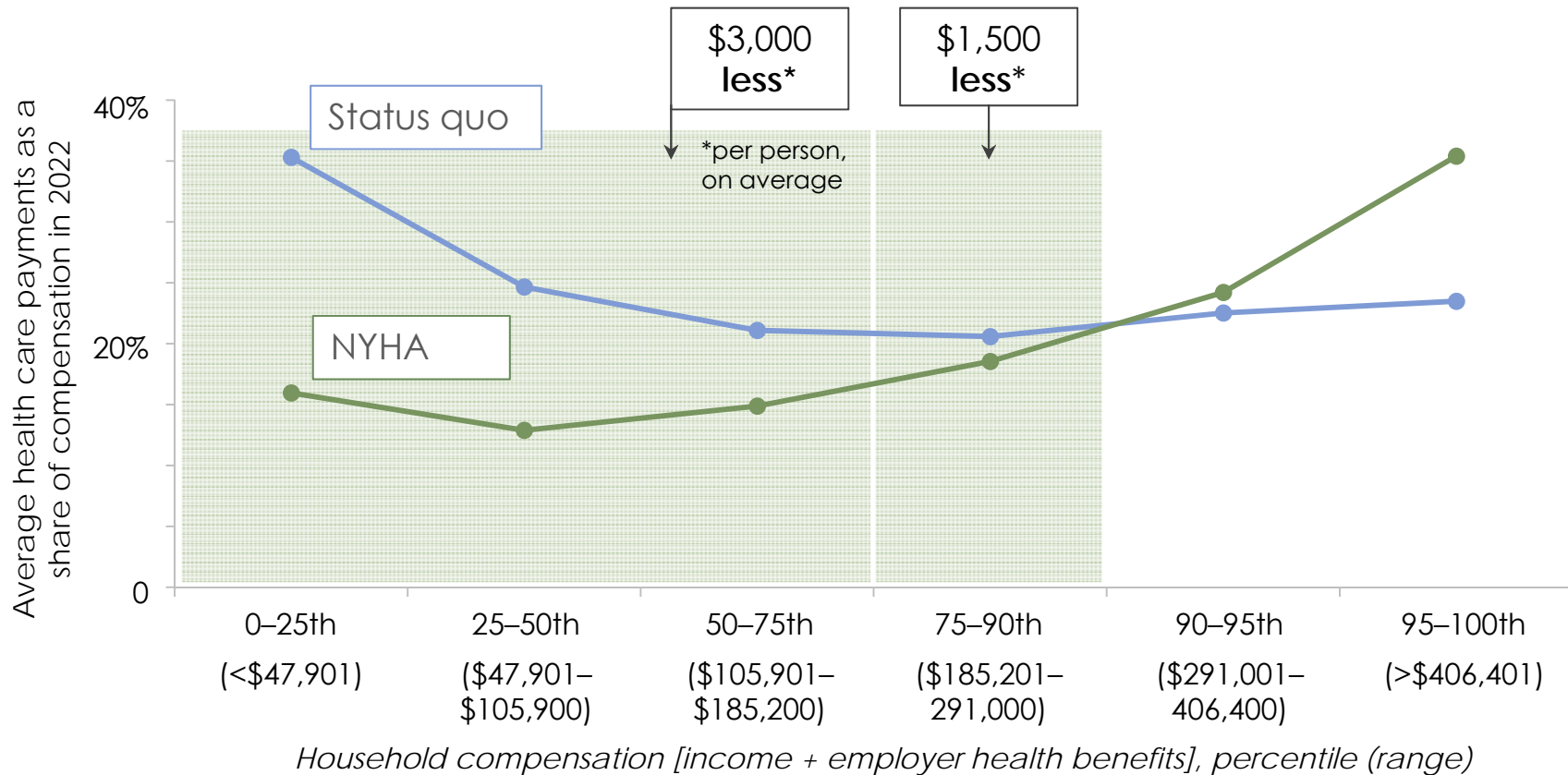
| Income | Tax Rate (%) Payroll / Nonpayroll |
|------------------------|--------------------------------------|
| ≤\$34,000 | 6.7 / 6.2 |
| \$34,001– \$174,800 | 13.4 / 12.5 |
| >\$174,800 | 20.0 / 18.7 |

- Payroll tax is paid 80% by employers and 20% by employees

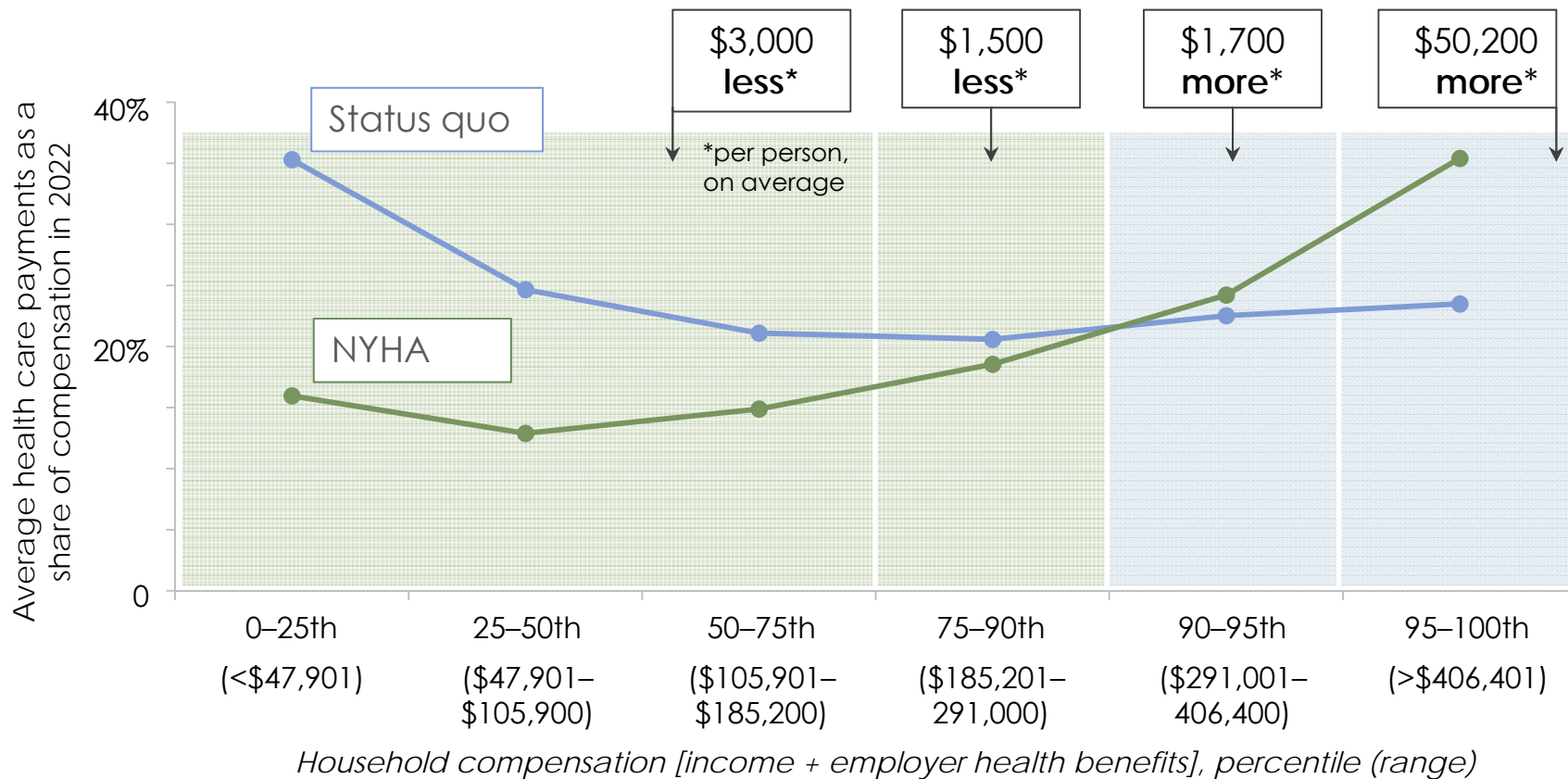
Health care payments by households would fall for lowest-income residents, rise for highest



Health care payments by households would fall for lowest-income residents, rise for highest



Health care payments by households would fall for lowest-income residents, rise for highest



Whether employer payments would increase depends on current health insurance offerings

Employers currently offering health insurance would pay...

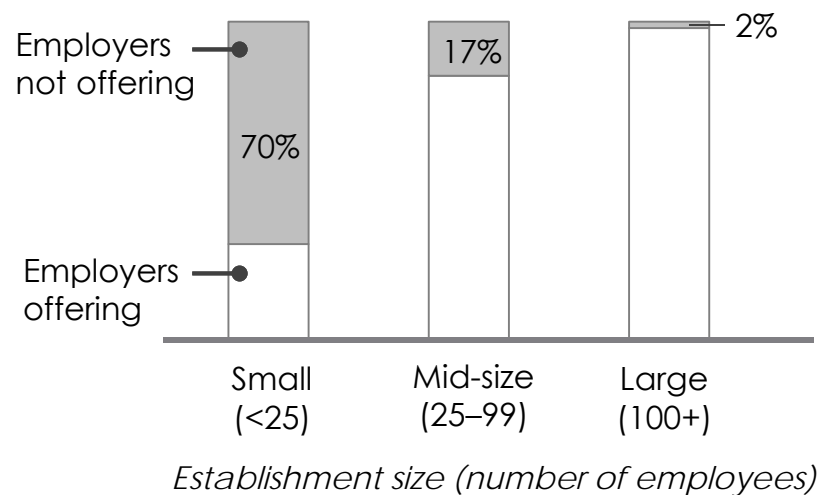


Employers **not** currently offering health insurance would pay...



...per worker, on average, in 2022

The new payroll tax would increase payments primarily by small businesses



Employers not currently offering health insurance would pay...



...per worker, on average, in 2022



Several areas of uncertainty would affect the impacts of the NYHA

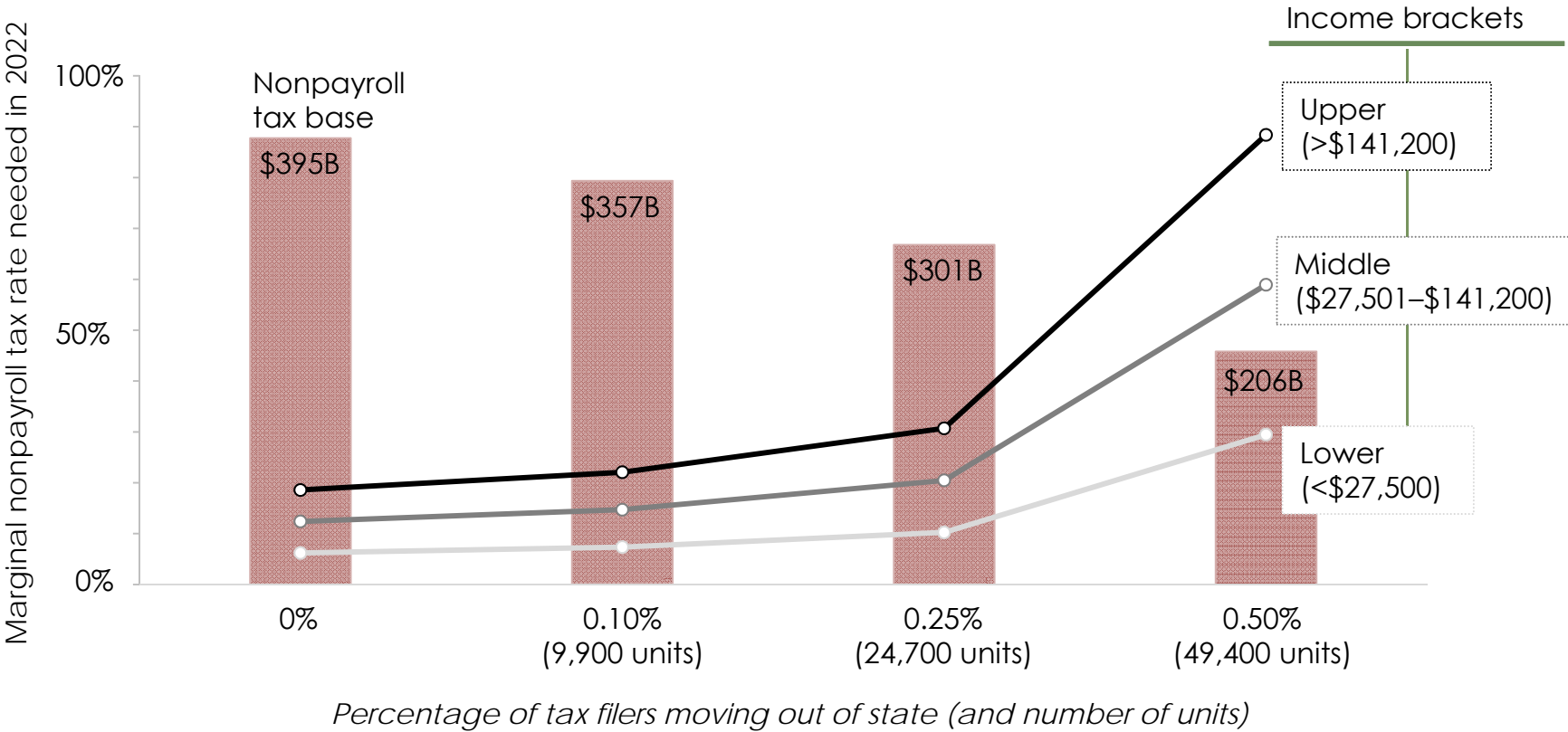
Tax avoidance and migration by wealthiest residents; outmigration of businesses or providers

The state's willingness to lower prices vs. providers' and manufacturers' leverage

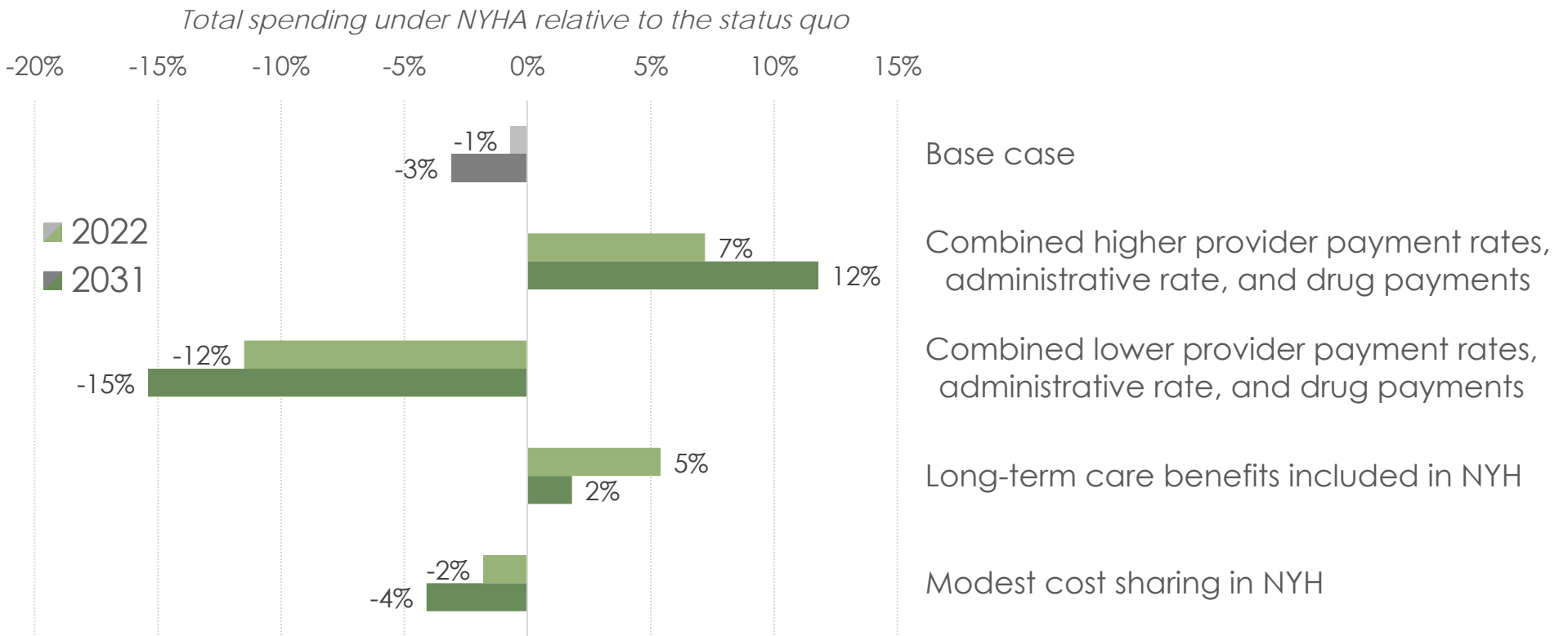
The state's willingness and ability to administer the plan efficiently

Benefits and cost sharing in NYH plan

Wealthiest residents leaving the state could substantially reduce the funding base



Costs could rise or fall substantially under various assumptions





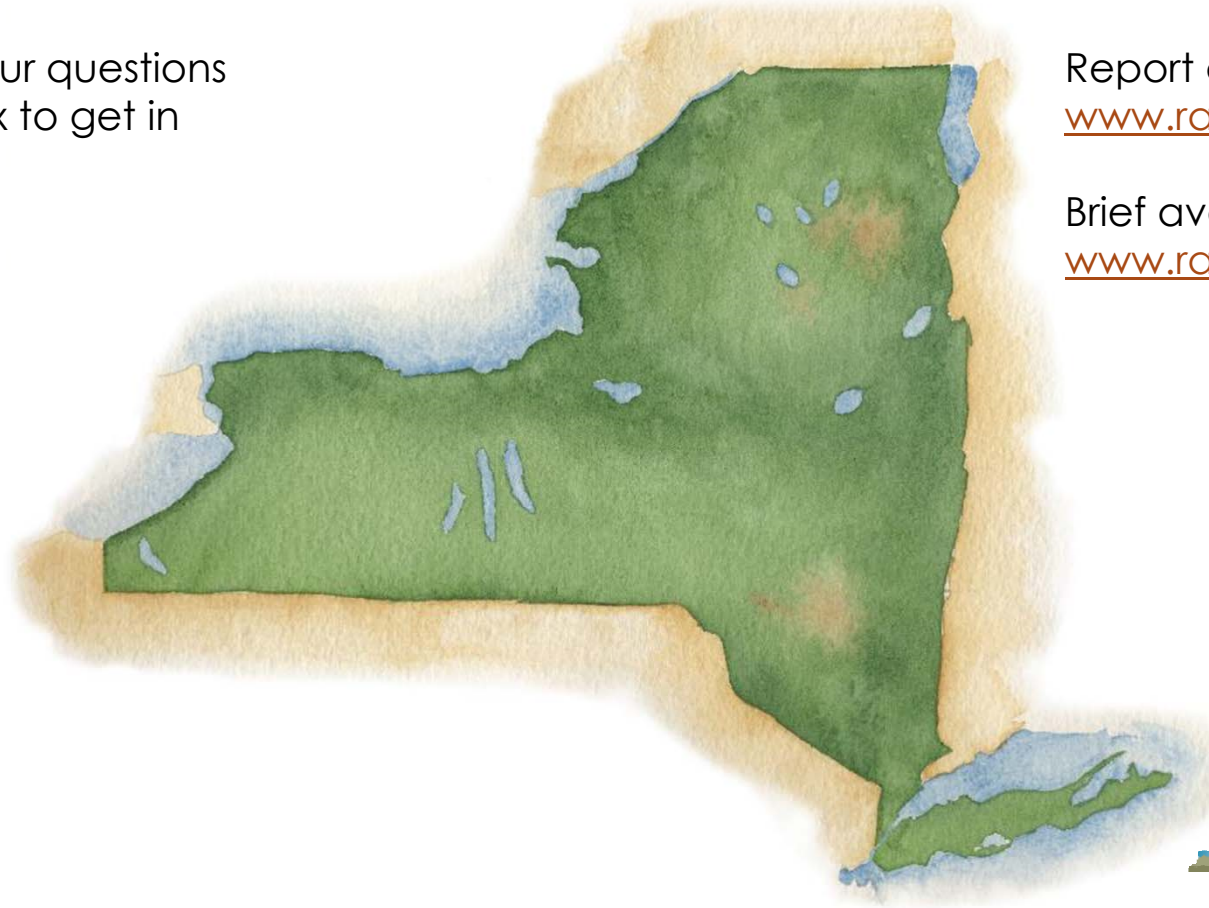
NYHA could cover all without higher spending, but would require new taxes and shifts in financing

Results depend on assumptions including:

- Federal waiver approvals
- Lower administrative costs
- Slower provider payment growth
- Drug discounts
- Tax schedule
- Stable tax base

Questions?

Please type your questions in the chat box to get in the queue.



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