

Trump cut-backs and the

NEW YORK HEALTH ACT

The Washington cuts to Medicare, Medicaid and other programs mean health care for all of us – rich or poor – will be endangered. When a hospital loses Medicare or Medicaid funding, or if more patients can't pay their bills, the hospital is forced to cut back on personnel. Even the wealthiest patient arriving with a heart attack will get care that is stretched thinner and be more likely to die.

Gov. Hochul estimates the federal cuts will take \$13 billion a year from New York.

We can fill the gap by raising state taxes or cutting other programs. But there's a better way:

The NY Health Act would fill the gaps in our current inequitable health care funding and the new gaps created by Washington.

The NYHA will save billions more than the Trump cuts will take away.

- The NYHA will pick up about \$40 billion a year in New Yorkers' costs: covering the uninsured; eliminating premiums, deductibles, co-pays and out-of-network charges; filling coverage gaps; raising payment levels above Medicare and Medicaid levels; and covering long-term home care and nursing home care.

- It will save New Yorkers about \$60 billion every year by ending paying for health insurance corporation

bureaucracy, marketing and profit; slashing provider administrative costs; and using its bargaining clout to bring down drug prices.

That's **net savings of about \$20 billion a year.**

If we don't pass the NYHA – and continue to throw away \$60 billion a year – then we'll have to find \$13 billion a year by raising taxes or cutting other important spending.

But **if we pass the NYHA, we can use \$13 billion of the NYHA savings to fill the federal gaps.**

It will be funded by a graduated tax on income, based on ability to pay. That's figured into the \$20 billion savings.

Fortunately, we can run the NYHA without federal cooperation, permission or waivers. It can basically wrap around federal programs. This is long-established. From the start of Medicaid in 1970, New York has covered people not covered by federal matching money. NY Medicaid pays for abortion despite the Hyde Amendment forbidding using federal Medicaid money. For many Medicare enrollees, NY fills Medicare's gaps – deductibles, drug costs, etc.

ALL ABOUT THE NEW YORK HEALTH ACT

By Richard Gottfried

The New York Health Act (A.1466, Paulin/S.3425, Rivera) would provide comprehensive, universal, affordable and secure health coverage for every New Yorker – a single-payer “improved Medicare for all” plan for New York.

Every year, millions of New Yorkers with health coverage go without needed health care because of cost, or they suffer financial hardship to get it. No one says that’s acceptable. But there’s no plan on the table other than the NYHA that can meet that need.

The NY Health Act has no premiums, deductibles, copays, restricted provider networks, out-of-network charges or prior approval for health care. The doctors, hospitals and other health care providers you choose would provide care; New York Health would pay the bill.

It will cover primary, preventive, specialists, hospital, mental health, reproductive health care, dental, vision, hearing, prescription drugs, lab tests, medical supplies, and long-term care (home care, nursing home care) – far more

Key points

- The NY Health Act will be the biggest increase in take-home pay for almost all New Yorkers in generations.
- We’ll save about \$60 billion a year we now waste on insurance company bureaucracy, marketing, and profit; administrative costs doctors and hospitals spend fighting with insurance companies; and the excessive prices we pay to drug companies (today, no single health plan has enough bargaining clout to force drug prices down).
- The NYHA will pick up over \$40 billion a year we spend on out-of-pocket health care costs – including deductibles, copays, out-of-network charges, long-term home care and nursing home care, and spending by people without insurance.
- The NYHA will mean net savings of about \$20 billion a year for New York consumers, employees, employers, health care providers, and taxpayers.
- The savings under the NYHA are what enable us to cover the uninsured; pay providers more; eliminate deductibles and copays; end restricted provider networks and out-of-network charges; and cover long-term home care and nursing home care.
- The governor, members of the Legislature, their family members and friends will all be covered by NY Health. They’ll have a personal stake in making sure that

comprehensive than any health plan we know of.

The New York Health plan will be funded by a progressively graduated tax – based on ability to pay – on taxable income from employment, capital gains, interest, dividends, etc. Employers would pay at least 80% of the payroll tax, or more if they choose to or through collective bargaining. Income in lower brackets would be taxed at lower rates (the first \$25,000 of a person’s income, or \$50,000 for people on Medicare, would be exempt from the tax), and income in higher brackets would be taxed at a higher rate. That’s just fair.

It lowers costs for seniors by picking up Medicare Part B premiums and eliminating Medicare “cost-sharing.” It brings local tax relief by eliminating the “local share” of Medicaid.

Almost every family will spend less in New York Health taxes than they now spend for health care and coverage.

they and their doctors and hospitals are treated as well as can be. All 20 million New Yorkers, and all our health care providers, will benefit by being covered by that plan.

- Insurance corporations charge the same premiums and have the same deductibles, co-pays and out-of-network charges whether you’re a multi-million-dollar CEO or a receptionist. NY Health will be funded by a progressively-graduated tax based on ability to pay. This – plus the major savings – means almost every NY family will pay less in NYHA tax than they now spend on health coverage and care.

- Unions won’t have to start every bargaining session defending their health plans – often by sacrificing wages and other benefits. Health care is a human right; we shouldn’t have to bargain for it.

- Some claim that hospitals and doctors won’t be well paid. They say this will mean shortages of health care providers and long waits for care. But the truth is, doctors, hospitals and other providers will be better treated under NY Health than they’re treated by insurance corporations. They’ll be paid fairly (the NYHA requires it). And they’ll spend dramatically less time and money on administrative work, because they won’t be constantly fighting with insurance corporation bureaucracies. They’ll have more time to care for their patients.

- Medicare is a great program, but it has major gaps. NY Health fills all those gaps. People now on Medicare will get much better coverage, on top of their Medicare benefits. That's not just a slogan; it's spelled out in the NYHA.

- Today, Medicare and Medicaid do not fully cover providers' cost of care. The NYHA guarantees that the cost of care will be fully covered.

- People ask whether they'll lose benefits they already have. Every benefit covered by any health plan we've heard of is covered by the NYHA, and even more, especially long-term care (home care and nursing home care). NYHA benefits will be guaranteed by law.

- We want to keep more of what we earn, without deductibles and out-of-network charges forcing us to go without needed care or driving us into debt or bankruptcy. The NYHA will give New Yorkers real financial security.

- We don't need permission from Washington to create NY Health. Federal "waivers" would make it simpler to implement NYH. But even without federal waivers, NYH can be structured (e.g., as a wraparound for federal programs like Medicaid, Medicare and the ACA) so it works for patients and providers as if it were a single program, and we continue to draw down federal funds.

- Some argue we only need to get insurance for the uninsured. But that keeps all the costs and problems of the insurance system and the financial hardships and lack of

access to care of millions of New Yorkers who now have health coverage.

- Some say, "just create a 'public option' and let people keep the coverage they have if they want to." But that would keep the existing fragmented, costly, complicated, inequitable system in place. We'd lose the savings we get by taking insurance companies out of the picture – savings that enable NYH to provide such full coverage.

- People want the freedom to choose their own doctors, hospitals and other providers. We don't want an insurance corporation dictating that. We don't want to have to pay out of pocket because a doctor, hospital or drug is not in an insurance company's restricted provider network or formulary. Patients and health care providers should make treatment decisions, not insurance corporations.

- Health insurance companies "compete" by taking in money from people who use as little health care as possible. They thrive by being hard on people who really need health care, so they take their business to another company.

- Health insurance companies claim New Yorkers "love their health coverage." You don't hear ordinary consumers say that. In fact, polls tell us that health care and fear of medical bills are top issues concerning New York voters, year after year.

Savings under the NY Health Act

Getting rid of insurance corporation bureaucracy and profits will save over \$26 billion a year. We'll save about \$20 billion that doctors, hospitals and other providers spend on the administrative costs of fighting with insurance companies. We'll cut drug prices over \$13 billion, using the bargaining power of 20 million consumers. That's about \$60 billion a year.

The NYHA will take on covering the uninsured; ending deductibles, co-pays and out-of-network charges; covering long-term home care and nursing home care; and paying providers more than Medicare and Medicaid pay – about \$40 billion a year. **That means net savings of about \$20 billion a year for New Yorkers.**

Federal health cuts and the NYHA

The Washington cuts to Medicare, Medicaid and other programs endanger health care for all of us – rich or poor. When a hospital loses Medicare or Medicaid funding, or if more patients can't pay their bills, the hospital is forced to cut back on personnel. Even the wealthiest patient arriving

Dozens of studies by academic researchers and major consulting firms like Rand, looking at national proposals and state plans including NY Health, confirm this conclusion: NY Health will work and will cost less than we now spend for woefully inadequate coverage.

Almost every family will spend less in New York Health taxes than they now spend for premiums, deductibles, copays, out-of-network charges, out-of-pocket costs from unfair denials of coverage or lack of coverage, and long-term care. Unpaid medical bills and medical debt will be gone.

with a heart attack will get care that is stretched thinner and be more likely to die.

Gov. Hochul estimates the federal cuts will take \$13 billion a year from New York, and 1.5 million of us will lose health coverage.

We can fill these gaps by raising state taxes or cutting other programs. But there's a better way:

The NY Health Act would fill the gaps in our current inequitable health care funding and the new gaps created by Washington.

The NYHA will save billions more than the Trump cuts will take away – freeing up funds to fill those gaps.

We don't need federal approval or cooperation for the NYHA.

The New York Health Act does not require federal cooperation or “waivers” to work. Of course, a large portion of health care in New York is paid for by federal Medicare and Medicaid. And the Trump administration and Republicans in Congress are certainly not going to be friendly to any program like New York Health. Fortunately, we do not need federal cooperation, permission or waivers to create NY Health and make it work.

Federal “waivers” would make it simpler to implement NYH. For example, the federal government could send New York a monthly payment for what it would spend on Medicare and Medicaid benefits in New York, we'd deposit that in the NYH trust fund, and we administer NYH as a single program.

Even with no federal cooperation, NYH can operate as a “wrap-around” to federal programs. NYH will fill the gaps where Medicare or Medicaid do not cover services or people, or where Medicare or Medicaid payment rates do not cover the true cost of care, and where Medicare requires patients to pay part of the cost of a service (deductibles, co-pays), etc. With modern computer systems, this can work for patients and providers as if it were a single program.

Under any of these arrangements, federal Medicare and Medicaid funds would continue to come into the New York health care system. With or without federal cooperation, every NY enrollee in Medicare or Medicaid, and their health care providers, will receive full NYH benefits on top of the benefits and rights of those programs.

This is a long-established concept. New York Medicaid has always covered categories of people and services that are not covered by Federal matching money. Without federal matching, New York Medicaid has covered childless adults and many categories of immigrants. Federal money may not be used to pay for abortion, but New York Medicaid pays for abortion with state funds. We created our elder pharmaceutical program long before Medicare did, and it still fills the gaps in Medicare Part D. NYH can and will fill gaps in federal programs – including supplementing inadequate payment levels, picking up the cost of deductibles and co-pays etc. – without needing Washington's permission.

Under Medicare, New York and many other states pick up the cost of deductibles and other out-of-pocket costs for people below a particular income level. There is no limit on a state doing that, as long as the state provides the funding, as NY Health would do.

It's not just about the uninsured. People with insurance have major problems.

Opponents of NY Health say “only” 5% of New Yorkers are uninsured. They say getting coverage for them shouldn't mean “overturning the whole system.”

Covering the uninsured is important. But that doesn't help the millions of New Yorkers who have coverage and struggle with rising premiums, deductibles, co-pays, restricted provider networks, out-of-network charges and unjustified denials of care that deny access to health care and undermine family financial stability. They lose access to doctors they've relied on when their employer picks a different health plan with a different provider network. If they switch jobs or lose a job, they may lose their health coverage.

Every year, about a third of people with health insurance have someone in the household who goes without

needed health care because of cost or suffers financial hardship to pay for it. Three quarters of New Yorkers have fears for the affordability of their health care.

If we only get insurance for the uninsured, we'll keep all the problems with the insurance system: the tens of billions we waste, and the problems of people who now have health coverage.

Covering the uninsured under the current system would cost billions of dollars (health insurance for a million people at about \$12,000 each would cost \$12 billion). New taxes – without doing anything to help the millions of New Yorkers who have real health and financial problems with their health coverage. None of the savings that come with the NYHA. No wonder people who say “let's just cover the uninsured” don't have a plan to actually do that.

Let's cover the uninsured with the one plan that helps every New Yorker.

"Public option" is wrong: We'd lose the savings. And the "adverse selection" death spiral will kill the public plan.

Some advocate a "public option." They say, "Let people keep the coverage they have if they want to."

This would leave the existing fragmented, complicated, costly, inequitable system in place.

Patients, employees, employers, health care providers, and taxpayers would still be wasting the tens of billions of dollars we'd save by getting rid of health insurance corporations.

Those savings are necessary to free up the funds to pay for coverage for the uninsured, expanded benefits, with no deductibles and no restricted provider network, and covering long-term care that we get with the NYHA.

Another problem: The people who'd be most attracted to the "public option" would be the highest-utilizing,

highest-cost patients that insurance companies don't want. Insurance companies can easily drive away high-cost patients: They raise deductibles, discourage patients with expensive conditions by lowering provider payment rates and having narrow provider networks for providers who treat those conditions, and wrongly deny coverage for care.

With higher-cost patients choosing – or being pushed to – the public option (what the insurance industry calls "adverse selection"), the public plan would be under pressure to raise premiums or to cut benefits and cut payments to providers. That would drive away quality providers and patients who can afford private coverage. The public plan would lose revenue while its costs rise. It would descend in a death spiral until it collapses – to the delight of the private insurance companies.

Health care providers will be well paid

Several key factors guarantee that doctors, hospitals, and other health care providers will be well paid under the NYHA.

NY Health rates will be required by law to be reasonably related to the cost of delivering the service and sufficient to assure an adequate supply of the service. No health plan today offers that guarantee.

Medicare and Medicaid do not pay enough to cover provider costs. So the NYHA requires that providers be paid substantially more than Medicare and Medicaid pay for care. Providers will no longer have to use revenue from commercial patients to cross-subsidize their Medicare and Medicaid patients.

Health care providers today spend a huge amount of time and money fighting with multiple "third-party payers." They spend four or five times as much on administrative

costs as their Canadian counterparts (Canada is a single-payer system). The NYHA will save providers about \$20 billion a year in administrative costs.

Health care providers will be paid in full by NY Health, ending unpaid bills, uncompensated "charity care," and bad debt.

Health care providers will be able to collectively negotiate with NY Health, with an arbitration process if they don't come to agreement.

The governor, members of the Legislature, their family members and friends will all be covered by NY Health. They'll have a personal stake in making sure that they and their doctors and hospitals are treated as well as can be. All 20 million of us, and all our health care providers, will benefit by being covered by that plan.

Will there be long waits for care?

Opponents of the NYHA claim that our hospitals will be damaged or forced to close, and that doctors will move to another state, because they won't be well paid. Opponents say this would mean shortages of health care providers and long waits for care.

That's all based on the idea that health care providers will not be well paid under NY Health. People assume that because Medicare and Medicaid payment rates are low, that

will be true for NY Health. But the truth is: doctors, hospitals and other providers will be better treated under NY Health than under the current system. It's spelled out in the bill.

They will be paid fairly (see above). And they will spend dramatically less time and money on administrative work, because they won't be constantly fighting with insurance company bureaucracies. They will have more

time to care for their patients.

How insurance companies “compete”

Some argue that insurance companies “competing” makes them better. But health insurance has a strange kind of competition. And it hurts everyone except insurance company stockholders.

People have health insurance because they want the plan to pay when they submit a claim. But a health plan makes money when it doesn’t pay.

The last thing a health insurance corporation wants is to get a reputation for being good for people who need a lot of health care. You don’t ever see a health insurance company advertising that it’s good for people with diabetes, cancer or heart disease.

Health insurance companies “compete” by taking in money from people who use as little health care as possible and avoiding spending money on your health care.

They thrive by getting people who really need health care to take their business to another company. Here’s how: They shift as much of the cost of care as possible to the patient, by raising deductibles and co-pays. They arbitrarily and unfairly deny claims. They have narrow, restricted provider networks and drug formularies and require patients to pay out-of-pocket if they go out of network.

That kind of “competition” is not good for patients who actually want their health care covered.

That’s why, every year, millions of New Yorkers with health coverage go without needed care because of cost or suffer financial hardship paying for care. Three quarters of New Yorkers have fears for the affordability of their health care. No one says that’s acceptable.

We can end that with the NY Health Act. And there’s no other plan on the table that can.

- **For more information:**
bit.ly/NYHAinfo
- **New York Health Act bill:**
Public.leginfo.state.ny
Enter bill number: A1466
Year: 2025

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Richard Gottfried is retired from the New York State Assembly, where he chaired the Health Committee and was the author of the New York Health Act.

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