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The Costs of a “Free” Single Payer Healthcare System? A Lot.

With New York State consistently ranked as one of the highest tax states in the nation, attention to the details of taxes and exactly where they are coming from is a common topic of discussion amongst the MACNY membership. Every year, we survey our members and ask them of all the taxes, which ones need to be addressed by rank of priority? Every year, the top ranking remains the same: the seemingly never ending, rising costs of healthcare. Year after year, our members would visit with Albany lawmakers, and make specific recommendations that would undoubtedly help in curbing the increasing costs, and possibly even help in reducing some of the taxes, and fees associated with healthcare.

With heightened attention for the upcoming New York State elections and the possibility of a Senate flip, attention is also being made to a number of bills that have been introduced in the past but would likely be stopped based on the two-party majority we had between the Administration, the Assembly, and the now Republican majority Senate. Which of these topics are of concern to businesses? A single payer healthcare system.

This “free healthcare for all” approach is nothing new and received significant national attention when it became then Presidential candidate Bernie Sanders key platform issue. Since Senator Sanders did not seek the nomination, his vision of a federal single payer healthcare system never transpired. It did, however, make significant headway as a possibility in the State that he served as Senator. A highly progressive State, the concept aligned well with the State’s political leadership and their ideological principles. It gained legislative support and continued traction until it was eventually ditched for one reason, and one reason only: the cost. Vermont quickly realized in crunching numbers that the cost of a single payer healthcare system was going to make healthcare cost not free, but rather skyrocket.

The only other State to also seriously consider this system for their constituents; similarly, is progressive California. That is, until they did the numbers and also realized that the cost of free healthcare was, in reality, going to double the cost for the entire state budget. They too, ditched the idea.

The single payer healthcare bill has been introduced at least a dozen times in recent New York State legislative sessions. However, with the sponsors coming from the Democratic Senate, the possibility of it passing in the Senate was not considered likely. This upcoming election has changed the narrative, or at least had people questioning this, should there be a Senate flip.

A RAND Study was just released trying to break down the bill, should it ever become Law. The report found that indeed, under the single payer healthcare, most people would be covered, just as the bill attempts to achieve, to include illegal immigrants. The study itself also concluded something that hopefully will come as no shock to Albany lawmakers and the constituents they represent: just as it was determined in Vermont and California, implementing a single payer healthcare system will undoubtedly skyrocket the costs of healthcare. Who will get hit with these added costs? Taxpayers. The State would be required to pass off the costs somewhere, so this will likely include levies on workers, businesses, and even investment income. According to the study, by 2031, New York’s top personal income tax rate, which is already among America’s highest, will go from just shy of 9% to a whopping 29%, adding the city’s four percent take and D.C.’s 37% take, we are looking conservatively at close to 70%.

It is my hope that New York State will take a look at the numbers, just as Vermont and California did, and determine that perhaps, adding significant costs through taxes to an already stifling and highly taxed business climate might not be the best idea. The concept will be shelved just as it was in California and Vermont. Interestingly enough, the study was not entirely doom and gloom. It was suggested that perhaps there is a way to be able to implement this single payer healthcare program and not cause increased taxes on businesses. The overarching theme of a solution lies in Albany doing two things: trimming administrative costs and keeping a tight oversight and lid on payments to health care providers.