

Testimony on Single-Payer Universal Coverage

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Ladies and Gentlemen:

My name is Peter LaVenia. I would like to address the committee today in two capacities: one as co-chair of the Green Party in New York, which supports single-payer health care reform, and the other as a 26 year old graduate student in New York State who lacks health insurance. I hope my testimony will convince you to support a single-payer universal coverage plan in New York, because it makes sense economically, politically, and morally. In fact, I believe there is enough of each of those reasons, alone, to help insure all New Yorkers cheaply and efficiently. I would first like to discuss the plight of the young uninsured, and then the eminently rational reasons for single-payer universal coverage.

The uninsured young worker in New York is a microcosm of the entire population of uninsured in the state: saddled with debt, unable to find a job that will provide them with care, and unable to use their talents in an area that would benefit both themselves and the state because of the health care crisis. The average collegian today graduates with at least \$20,000 in debt and limited or no access to health care. Although the demographic of US citizens under 30 is shrinking in absolute terms, since 1987 the number of those under 30 without health care has grown at twice the rate of older adults.

For the last year I was able to find statistics on the age group, 2002, 25-30% of all adults under the age of 35 went without health insurance, and nearly half went without healthcare for at least part of the year. Of the 43 million uninsured Americans, approximately 40% are young.

Although it has been half a decade since those statistics were provided, I am reasonably sure in saying that the condition for young workers has not improved. In a recently published report¹ by the Economic Policy Institute, average wages for college-educated workers from 2003-7 only increased by 0.4%; for those with only high-school diplomas it fell during the same period by 0.8%. Many of my friends who have recently graduated college have found jobs that provide no health care and wages that do not provide for purchase of personal health care programs by HMOs. A graduate who has trouble finding a job with their bachelor's degree will have to choose between health care and paying back loans, besides affording rapidly rising rent, energy, and food costs; a misstep on paying back their loans will hurt their credit, and as many know bad credit is something that can stick with you as long as a lingering illness.

It is not as if the youth of America or New York do not care about medical insurance: when offered a health plan in exchange for a small deduction from their paycheck by employers, 74 percent of young adults take it, only slightly less than 79 percent of older Americans². A report by the Commonwealth Fund, a NYC non-profit, found that only 65% of working young adults are eligible for a health plan by employers, which dips to under 55% for businesses with less than ten workers. Many of my friends who are employed in more creative or technical fields work in those kinds of small

¹ <http://www.epi.org/content.cfm/bp195>

² http://www.pnhp.org/news/2004/july/the_new_economics_of.php

businesses – what we called “start-ups” during the tech boom. Our most creative and talented workers are at risk of health problems because of lack of care; this is certainly not the way to build for the future.

Many young workers take jobs at places like Starbucks, which provides health care to its workers, because they are the only ones which provide insurance. Instead of more challenging or useful work, the worry about coverage has led to an entire generation of college graduates choosing to enter their 30s working at jobs best left to those in high school or early college. This is economic irrationality, or perhaps better termed as economic non-sense.

Up to this point, I have been lucky in avoiding these pitfalls. During the first four years pursuing my doctorate in political science at SUNY Albany, I was part of the unionized graduate students there and received high-quality insurance through our plan with Blue Cross. However, in the last two years, as most advanced-PhD students find, we are forced to scramble for insurance. Some schools will pay for it, some will not. Although healthy, I am currently uninsured. Fortunately, both through my studies as a social scientist and as a member of the Green Party, I have discovered a tried-and-true method of insuring high-quality health care for everyone which is actually cheaper for the economy than private insurance – single-payer universal care. As many of you may know, researchers in the sciences, even the social sciences, usually like to have large statistical studies of a model that works before implementing that plan. I would like to propose that the evidence for the single-payer model is overwhelming and in any neutral, scientific study, would be the clear winner.

Single-payer care is a no-brainer; it is cheaper to provide and cuts down on administrative costs. Looking at Canada, for example, we can see that the numbers show a leveling off of how much is spent on health care. Canada spends about 9% of its GDP on health care, while ours is at 15% and rising – NY State’s portion of this is not insignificant. The exorbitant health care costs in New York State are a consequence of private insurance; administrative costs consume 31% of all health care spending in the US (compared to Canada, with 16.7%).³ A recent study in the New England Journal of Medicine stated that we pay nearly \$1000 per capita for health care, and in Canada it is \$300 per capita, a gap of nearly \$700. We could improve our care in New York and reduce expenditures, which the study suggests may be enough alone to cover the costs of universal coverage.⁴

A state with universal coverage could reduce expenditures, set fee rates, and be able to bargain with pharmaceutical companies *en bloc* to set drug costs, if the state did not choose to produce the drugs in its own facilities. If part of the problem with Medicare and Medicaid recently has been drug costs (they rose nearly 3.9% in 2006 alone)⁵. As you might know, the Veteran’s Administration pays 46% less for its drugs because of bloc bargaining, an admirable model for New York State, should it choose to implement a single-payer universal plan.

Universal single-payer health care would benefit New York State economically and socially, besides solving the problems of expensive and cumbersome administrative

3

http://www.pnhp.org/single_payer_resources/administrative_waste_consumes_31_percent_of_health_spending.php

⁴ <http://www.pnhp.org/publications/nejmadmin.pdf>

5

http://www.pnhp.org/single_payer_resources/public_citizens_response_to_chewg_interim_recommendations.php

costs associated with our current difficulties. This strategy for care benefits both workers and businesses in our economy. Let me explain both as cogently as possible. Workers who have health care would not be forced to choose between paying living costs and debt, and having health insurance. If we were to classify this in more strict economic terms, health care costs are a tax on workers' wages; they prevent more of their income from entering the economy as a whole. Quite simply, people who do not have to pay exorbitant costs for health care would see a whole section of their income which could be devoted to purchasing necessary items or whatever they wish – which would in turn stimulate businesses to hire people to satisfy these demands. This multiplier effect could reverberate around New York's depressed upstate and downstate economies quickly. Workers who took care of their health problems before they were forced to lose time at work would mean higher productivity for NY State businesses, again adding income to the tax rolls.

Likewise, it would make economic sense for businesses that would no longer be forced to pay health care costs or employ an uninsured workforce. Most of the major industrial competitors to the United States, and thus New York, have universal health coverage, and thus their businesses start at a competitive advantage to ours. Given that health care costs for private businesses are expected to rise from 14%-18% between now and 2010⁶, single-payer universal coverage would benefit most employers. Businesses, which currently have a difficult time providing health care for their employees, might suddenly be able to attract talent that would have otherwise been prohibitively expensive.

6

http://www.pnhp.org/single_payer_resources/public_citizens_response_to_chewg_interim_recommendations.php

As the only state in the nation with universal coverage, New York would have a competitive advantage nationally, and could potentially attract businesses to the state.

To conclude, the issues raised by the committee seem to point in the direction of single-payer universal coverage for New York State. Our current system is more expensive, more draining of state resources, and has failed to serve millions of New Yorkers, old and young. Single-payer universal care is not only proven to be successful in every industrialized Western nation, but it would easily resolve the complicated choices facing the state in terms of health care. I hope and expect that the State of New York will take notice of this, and move swiftly to enact the only system that can fix our health care crisis.