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Testimony of the

New York State Catholic Conference

Submitted to the

NYS Departments of Health and Insurance

Regarding the

Partnership for Coverage Initiative

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The New York State Catholic Conference, which represents the Catholic Bishops of New York State in matters of public policy, wishes to share its concerns and recommendations regarding proposals to expand access to health care.

Your commitment to the health care needs of our fellow New Yorkers, and especially those most impacted by the high cost of health care and the lack of adequate coverage, represents government activity at its best, and the Catholic Conference applauds you for your joint efforts to enhance public debate on this issue.

More than 20 years ago, the U.S. Catholic Bishops stated that "government, working for the common good, has an essential role to play in ensuring that the right of all people to adequate health care is protected."[1] The Catholic Health Association of the United States (CHA), which represents the nation's Catholic-sponsored hospitals, nursing homes, home care agencies, hospice programs and related entities, reiterated the U.S. Bishops' guiding principles in 2000 in advancing its concerns regarding national health care system reform.[2] Now, as then, we suggest that these principles can form the foundation of efforts to provide for the health care needs of all, and especially for the poorest and most vulnerable of our neighbors.

We offer our remarks, both as a significant provider of health care and social services and as an advocate for the poor and vulnerable throughout the state, in the interests of all New Yorkers. Our ministry, formed before the days of organized health care as we now know it, comprises 30 hospitals, 54 nursing homes, 34 home- and community-based service agencies and programs, and 6 hospice programs, along with numerous affiliated clinics and human service sites operated by our health care institutions and by Catholic Charities agencies throughout the state. The *Ethical and Religious Directives for Catholic Health Care Services* provide the framework for our commitment to health care:

> Catholic health care should distinguish itself by service to and advocacy for those people whose social condition puts them at the margins of our society and makes them particularly vulnerable to discrimination: the poor; the uninsured and the underinsured; children and the unborn; single parents; the elderly; those with incurable diseases and chemical dependencies; racial minorities; immigrants and refugees. In particular, the person with mental or physical disabilities, regardless of the cause or severity, must be treated as a unique person of incomparable worth, with the same right to life and to adequate health care as all other persons.[3]

The commitment to our health care ministry, then, compels us to promote and defend human dignity, attend to the whole person, care for the poor and vulnerable, promote the common good, act on behalf of justice, and steward resources. Now, as then, despite daunting challenges, our institutions are committed to serving the needs of all in our communities large and small, and particularly the needs of the poor, the marginalized, and the vulnerable.

The difficulties faced by those with limited access to timely and effective health care are well documented. All too often, treatment is foregone until an underlying health problem reaches acuity and treatment regimens are abandoned or ignored altogether[4,5] or treatment is sought at expensive and inappropriate settings.[6]

The high cost of health care services and insurance coverage is widely documented as well. Recent estimates peg the average cost of single-person coverage at $4,500 and family coverage at $12,100.[7] Continued escalation of health care premiums and underlying costs cannot be sustained in the long run. They deplete individuals' and families' resources, depress job creation, and deflect community resources at all levels from other legitimate public needs such as education, environmental protection, criminal justice, economic development, the arts and recreation.

Social justice demands that our society provide quality, affordable and accessible health care services to all, and particularly to those most in need, whether financially or medically. In its most recent statement on health care system reform, CHA stated that "[t]he ability of individuals to access health care lies at the core of their ability to realize their dignity and live healthy, productive lives."[8] To that end, the Catholic Conference has supported and continues to support expanded benefits and eligibility under Medicaid, age and benefit expansions for Child Health Plus, and continuing enhancement and support for Family Health Plus and other programs that make health care coverage accessible and affordable for all.

The U.S. Census Bureau recently estimated that approximately 2.6 million New Yorkers have no health insurance coverage despite efforts over nearly two decades to expand opportunities for the uninsured.[9] The result in human terms is substandard care, compromised health care status, shortened life expectancy, diminished educational attainment, and other harmful socio-economic side effects. The result in economic terms is increased health delivery

system costs, as eligible individuals 'churn' through health care coverage programs, straining overburdened hospital emergency departments and outpatient clinics, and increased costs to the broader economy in terms of lost productivity and economic dislocation. Fortunately, provisions enacted earlier this year in the State Budget simplify the enrollment and recertification processes for these programs, and the Catholic Conference supports their implementation.

Several recent proposals attempt to address the growing number of the uninsured by imposing an employer mandate in one form or another or by replacing the current insurance mechanism with a single payor. There is little doubt that insurance coverage among employees of small businesses is more limited than for employees of large employers.[10,11,12] However, imposition of these solutions raises several concerns. An employer mandate assumes that small businesses can provide coverage as easily as large corporations[13] or that job growth would not be negatively affected.[14] Furthermore, setting a fixed amount of spending for health care may merely shift costs without controlling them, by discouraging efforts on behalf of businesses, providers and health plans to contain health care costs by removing the incentive for system savings and exploration of innovative alternatives. Most importantly, the small business sector remains the engine for job growth in large and small communities throughout the state.

A single payor mechanism, which may appear cost-effective at first glance, assumes that New York or any state can exert the broader economic controls necessary to manage such a system, but which may arguably only be present at the national level.

Still other proposals would impose individual insurance mandates combined with tax credits to partially cover purchase of direct-pay plans or would encourage high deductible policies combined with health savings accounts. These approaches are also problematic: significant cost relief can not effectively be accomplished with a tax credit, and HSAs may provide a perverse incentive to forego necessary health care and "hoard" account savings. Both these approaches may also further destabilize the insurance market by siphoning off young, healthy individuals from the wider risk pool that these plans envision.

Until more detailed analyses are done, particularly on the effects of such proposals on job creation, wage growth, the economic stability of affected employers, employees and

communities, and the stability of risk pools, the Catholic Conference urges you to proceed with caution with regard to such proposals.

Elements of expanded access to health care

Mechanisms to expand access must build on the principles that every individual has a right to health care; that all segments of our society share equitably in the costs and benefits of health care services; that individuals assume responsibility for their wellness, commensurate with their circumstances; and that society properly steward health care resources to serve the common good.

In that context, then, the Catholic Conference suggests the following objectives be pursued in advancing the goals of accessible and affordable coverage for all New Yorkers:

- **Continued aggressive outreach and enrollment for the Medicaid, Family Health Plus and Child Health Plus programs** to maximize enrollment of the more than one million New Yorkers who already qualify.
- **Expansion and vigorous promotion of the HealthyNY program.** A 2005 Commonwealth Fund report[15] noted significant premium savings as a result of the application of the reinsurance mechanism.
- **Development and promotion of purchasing pools, cooperatives and association plans should be explored.**
- **Flexibility in the use of Medicaid federal matching funds to subsidize coverage through employer and/or employee buy-ins into public insurance programs should be sought.**
- **Expansion of and increased public subsidies for high-risk pools.**[16]
- **Continued exploration of streamlined, comprehensive coverage plans** to ascertain their effect on maintaining or reducing health care coverage costs while providing for comprehensive basic coverage.
- **Examination of proposals to merge the individual and small group markets.**
- **Examination of applying community rating across all markets**—individual, small group, and large group—adjusted for regional cost differences, pay-for-performance

measures, and supports to secure an adequate health care workforce in underserved areas and to stabilize 'safety net' institutions.

- **Development of premium incentives to encourage lifestyle changes which promote and enhance wellness.**

Whatever proposals are advanced, they should be accompanied by rigorous analysis and solid financial estimates so that policy makers and all stakeholders can make informed decisions about costs and benefits and the impact of health system changes on available resources for other public purposes.

Long-term system reform

The continued erosion of employer-based health insurance and the chronic problem of the uninsured are symptomatic of larger phenomena which must be addressed if we hope to make significant and lasting inroads into these issues.

Attempts to address the issue of the uninsured cannot succeed unless and until we examine the causes for the high costs of health services. Proposals for expansion of coverage must address the core issues of cost, the ability of insurance coverage to spread the burden of risk, and the appropriate role of government to provide supports for populations or services which cannot adequately be covered by insurance vehicles. Initial steps must be taken to examine the root causes of high health care costs and to identify appropriate state actions that can reduce and control those costs effectively and equitably without harmful side-effects elsewhere in the system or in the larger economy.

The state must also be committed to making the initial investment in alternatives before meaningful savings can be achieved. Investment in an adequate primary health care infrastructure can reap dividends in better health outcomes and reduced need for acute care services. Adequate financial supports for home care can build a solid alternative for expensive nursing home care. The Conference urges a sustained public commitment to address this desperate need.

The Catholic Conference recommends that any examination of proposals to achieve universal access should address the following long-term health care system reform considerations:

- **Increased state support for home- and community-based services.** Primary care, volunteer practitioner programs, health education and wellness programs, and telehealth/telemedicine can enhance quality of life and reduce the need for more costly care.
- **Dedicated application of funding realized through the conversion of not-for-profit health insurers to for-profit status for health insurance.** The state has a fiduciary responsibility to apply the proceeds toward the mission of providing coverage to individuals and families unable to obtain or afford coverage from other sources and to finance improvements in the health care delivery system which can reduce health care costs and, ultimately, health insurance premiums.
- **Establishment of a community reinvestment fund**, capitalized with a portion of the profits flowing to the payors, which can infuse necessary capital into investments which will benefit the providers and the payors alike, as well as business, labor, government, and health care consumers.
- **Investment in the health care delivery system infrastructure** through a significant commitment of resources to modernize both the structures and the processes for delivery. Access to capital for health care providers long starved of financial resources to provide for modernization of physical plant, aging or non-existent technology, and outmoded processes is essential to the long-term prospects of cost-effective health care delivery.
- **Investment in the health care workforce** can assure a stable supply of professionals and para-professionals and others needed to deliver dependable quality health care services. This investment must extend beyond HCRA to include development of career ladders and provision of secondary health workforce supports, developed in conjunction with the Offices of Temporary and Disability Assistance and Children and Families and the Education Department, such as adequate child care and transportation, the recruitment of teaching faculty for nursing schools, and promotion of health careers in our schools.

Ultimately, action on health care system reform must be built on a national model. We ask you to urge our representatives in Washington to seek substantive and sustainable national

policies to promote equitable distribution of costs, uniformity in coverage options, streamlined administrative processes, and immunity from anti-trust sanctions for health care providers as they explore opportunities for coordinated service provision and other collaborative arrangements designed to maximize the use of scarce health care resources.

The New York State Catholic Conference stands ready to work with you to enhance public debate on this most pressing issue. Working together for the common good, we can improve opportunities for affordable and accessible health care and insurance coverage and enhance the dignity and well-being of every New Yorker, however vulnerable.

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