

Testimony for Partnership for Coverage Public Hearing November 26, 2007
Adam Cybulski: Systems Advocate Southern Tier Independence Center
The Troubles with Employer Based Healthcare

The healthcare system in NY and the US is broken and in dire need of a complete overhaul. I am here to recommend that the commissioners consider moving NY towards a universal healthcare system, preferably based on a single payer model. As you well know, over 2.5 million adult, working-age New Yorkers are uninsured. On top of this, three quarters of the uninsured in NY are working, or are the children of a working, uninsured parent. In addition, most health insurance in New York is tied to employment, which puts people at jeopardy of being uninsured when they are injured, change jobs, or are laid-off. Thousands a day lose their coverage. Those who do have insurance face annually rising premiums and shrinking coverage.

In New York, there is not a single private insurance plan that offers the level of coverage that Medicaid does. This system is outdated, untenable, and frankly, un-American. The opponents of Universal Health Care will claim exactly the opposite---that our health coverage system is driven by the market and any other method should be likened to Communism and shunned. This view, I feel, has been bought and paid for by the deep pockets of insurance companies. Inequality, suffering, and ruin are not values of my America.

The current system of employment based and privately purchased insurance cannot be sustained any longer. In fact, one would be hard-pressed to say that it is working today. The employer based healthcare payment model DOES NOT provide protection in the event of a life changing injury. A worker who sustains a permanent injury while not on the job could require extensive medical treatment beyond the initial emergency care. During this extended period of time, the employee is often unable to work. In the case of a spinal injury, many patients will themselves wonder if they will ever be able to work again. Employment is lost, and health coverage with it.

New Yorkers are forced to spend their entire life savings before they are eligible for Medicaid. Unfortunately, the injustice does not end here. If the person who was injured attempts to return to a normal employment situation, they will often find that the company's insurance provider will not cover them because they now have a "pre-existing condition," yet they will almost definitely make more money than you can to qualify for Medicaid. This of course, results in people not returning to work.

Pre-existing condition clauses allow insurance companies to cover only the people who won't need expensive medical coverage. These clauses allow them to manipulate the market to their advantage; they charge the average consumer exorbitant premiums, and refuse to pay once you really need them. Pre-existing condition loopholes must be closed immediately. Swindling upstanding, hardworking citizens is un-American.

The costs of long-term care are staggering. Most long-term care insurance programs do not offset the cost of long term for any one who needs considerable care well enough. As a result, many elderly New Yorkers are forced to spend off all of their assets and eventually end up on Medicaid, the only realistic way to pay for long term care. Unfortunately, because of the differences in eligibility requirements to be on Medicaid in a nursing home as opposed to being in the community, and other policies, many people who would rather remain in their homes are forced into nursing homes. The institutional bias in Medicaid policy is still very strong. A system that forces innocent people into institutions against their will is un-American

America was built on a spirit of freedom and entrepreneurship. The economic status of upstate New York has seen dramatic decline over the last several decades. The only hope of reviving New York lies in the entrepreneurial spirit of its citizens. My own town of Binghamton was the birthplace of Endicott-Johnson shoe company and IBM---great companies who started small and went on to employ thousands.

However, the current system stifles this spirit. Individuals will remain employed with a company rather than starting their own business just so they can retain coverage for their children. One study estimated that 3.8 million Americans would leave their current jobs in favor of self-employment if it weren't for the need for insurance.¹

Proportionally, that represents 220 thousand New Yorkers. That's 220 thousand entrepreneurs who were crushed before they ever started. 220 thousand businesses that had the potential to become the next great company, who could have provided jobs to thousands, but will never see an opening day because we lack a universal healthcare system. We must ensure that creative business minds be free to pursue their dreams! Stifling entrepreneurs is un-American.

Once again, though, the suffering caused by a lack of a universal coverage system does not end here. Even if a business does get started, many small businesses are unable to provide health insurance for their employees. This means that they will not be able to hire the most qualified candidates for their positions. In New York, two out of three uninsured adults work for a company with 100 employees or less². The cost of providing insurance for these employees would crush most small businesses. A system that makes it impossible for a small business to attract the same qualified employees as large businesses is un-American.

The current batch of college gradates is expected to change jobs, and employers, every 1-3 years. For a myriad of reasons, loyalty between employers and employees no longer exists. Why then is insurance still tied to employers? If a worker is changing jobs every two years on average, and companies are requiring a six month waiting period before new employees are eligible for benefits, this forces the entire workforce to go uninsured 25% of their careers. Of course, even when they do finally qualify, it's likely that their doctors and pharmacies will no longer be on their preferred provider lists, or may not even accept their new insurance at all!

This system is completely outdated and unable to match the needs of today's workforce. The current system essentially hits the average working New Yorker with the

¹ Hopkins, J. "Health insurance costs dog would-be entrepreneurs." USA Today, August 8, 2005

² Rorer, E. "Most Uninsured New Yorkers Are Working Adults Not Offered Health Insurance by Employers" United Hospital Fund, August 15, 2001

following choice: “Continue to work where you are, or put your own children in danger.” Not only is a system that forces people to keep jobs they don’t by blackmailing workers with the well being of their children un-American, it’s down right draconian!

The arguments against a single payer universal healthcare--- that it will be too costly and drive up taxes, that the loss of jobs when the insurance companies go out of business will be devastating, and that the quality of health care will decline--- are all inaccurate and illogical.

The cost of healthcare and the uninsured to our society far outweighs the cost of universal healthcare. The price of insurance premiums paid by employers grows at a rate 3 times faster than inflation, and despite this, the out-of-pocket costs to the insured go up every year as well. According to one study, creating a universal, public-funded healthcare system on a federal level would save \$1.1 trillion dollars over a ten-year period.³ That represents a savings of \$66 billion for New York. When presented with those kinds of numbers, one would be hard pressed to say the increase in taxes wouldn’t be worth the savings to both employers and employees.

The argument that making insurance companies obsolete would have a devastating effect on employment also holds no water. As I discussed, universal health care would allow many people to start their own businesses, which in turn would create a large number of jobs. In addition, the savings to business realized from no longer paying through the nose for insurance premiums would allow them to afford to create new positions, and small businesses would be better able to attract skilled, educated employees. Furthermore, the vast majority of the unemployed from the insurance industry would be well educated, skilled and could easily find work in another field.

Finally, a single payer universal healthcare system removes the profit motive for paying for people’s medical care. This means that any one who needs medical treatment will receive it. It means that if you are injured to the point where you can no longer work, you will still receive treatment. It means that you would be able to choose your doctor based on the quality of treatment you receive when you go to his office, and not whether or not he’s on your preferred provider list. You will be able to visit the doctor when you think something is wrong and not worry about having exceeded your insurance’s annual checkup allotment. In many ways, the quality of care under a universal system would far exceed our current model.

The current healthcare coverage system is illogical, immoral, and un-American. A universal healthcare system, based on the single payer model, is the best solution for our current health care crisis. The Declaration of Independence states that every man has the inalienable right to life, liberty, and the pursuit of happiness. However, I have demonstrated how through “pre-existing condition” loopholes, the current system deprives the sick of their right to life. I have shown how the institutional bias of the current system deprives the elderly of their right to liberty. I have shown how locking people into jobs they don’t want so as to maintain coverage for themselves and their

³ Thorpe, K. “Impacts of Health Care Reform: Projections of Costs and Savings”, 2005

children deprives citizens of their rights to the pursuit of happiness. Universal healthcare is the clear alternative.