MAYA WILEY'S UNIVERSAL HEALTH COVERAGE PLAN

Full Policy

Health care is a human right and insurance matters. Without it, people suffer more and die younger. ***One-in-ten working age New Yorkers is uninsured. Maya will create a City sponsored, privately managed health plan to offer affordable health insurance, regardless of income or immigration status, for uninsured New Yorkers.***

Maya supports major new State and Federal investments to provide universal health care. But New Yorkers can't afford to wait. Their lives and our safety net hospitals and community clinics depend on it. Maya's plan repurposes Federal, State, City, and private funding. With modest premium requirements, the NYC Health Insurance Plan will give tens of thousands more New Yorkers the opportunity to receive their care from NYC's world class health system.

About 600,000 New Yorkers are uninsured.

- *350,000 are not eligible for Medicaid, ACA, or other publicly supported insurance. We assume 70%, 246,000, will opt into this program and that is the number we have used for estimates in this proposal.*
- *Half of the uninsured are undocumented.*

Maya will create a Health Insurance Plan for these 246,000 New Yorkers at an estimated cost of $1.04 billion. We can pay for this by:

  - *Using State and Federal funds which currently pay for seriously ill undocumented, uninsured New Yorkers*
  - *Collecting affordable, sliding-scale premiums*
  - *Repurposing other City and State funding.*

- *The program would be organized and managed by a non-profit entity and operations would be contracted out to an insurer.*

New York City's Uninsured.

Health insurance matters. "Providing health insurance would increase the life expectancy and reduce the morbidity of those who now lack it," reported the Institute of Medicine in 2003. "Insurance improves the health and wellbeing of the insured by increasing access to preventive services, timely care, and medical treatment."

While NYC has a rich network of public hospitals and community health centers, their services do not close the gap and by serving the uninsured they struggle to survive. Despite the mental, physical, and social toll of being uninsured, cost is still a barrier and health insurance is beyond the reach of many families.

NYC Care is the de Blasio administration's program that helpfully links uninsured people to public hospitals and augmented primary and care coordination services. About 60,000 people have enrolled. The program, however, is limited by the geographic reach of the public hospitals and associated clinic network. It is also constrained by the weariness of undocumented residents asked to offer up information about their families to a government entity in exchange for a card that gives them access, for the most part, to the same services they currently receive. Nor does the current plan offer any assistance to NYC's network of safety net hospitals so vital to the uninsured and patients receiving Medicaid during COVID, like St. John's Episcopal Hospital in Queens, which had the fewest hospital beds per person of any borough, and Interfaith and Brookdale Hospitals in Brooklyn. This plan would include them in its network.

One in ten working age New Yorkers was uninsured in 2019. COVID-19 unemployment made it worse. As of the beginning of 2021, an additional 186,000 NYC workers plus their 207,000 dependents had lost private health insurance when they lost their jobs. Despite enhanced Obamacare benefits through the American Recovery and Reinvestment Act and an uptick in employment, many remain uninsured – most as residents of working-class communities such as Jackson Heights (28% uninsured) and Sunset Park (22%).

Uninsured New Yorkers are likely to be either ineligible for publicly supported health insurance plans or unable to buy it. The first category of uninsured people is undocumented immigrants. They are not entitled to coverage through Medicare, Medicaid, or the ACA marketplace. The few with the wherewithal can buy a commercial plan. Half of the undocumented New Yorkers who aren't included under a family member's policy or through their employer are uninsured. Other uninsured residents are US citizens who are not covered on the job, even though most are working. Three-quarters of the uninsured earn less than $50,000 a year.

Maya is particularly concerned about uninsured people with limited financial means. Some might qualify for Medicaid or a publicly subsidized ACA plan. The Kaiser Family Foundation estimates that about half of the City's uninsured can be covered by Medicaid, ACA marketplace, or employer offered benefits. We must do a much better job matching people to possible health insurance programs. There remain 350,000 with no path to health insurance. We assume 70%, 246,000 of them, will participate in the program. That

is the number we have used for the estimates of costs and sources of payment for this proposal.

The Cost to Insure Uninsured New Yorkers.

Medical services account for most of the cost of health insurance. The pool of uninsured people is, on average, less costly to insure because the uninsured are younger and healthier than the population. 90% are working age compared to 65% of the all New Yorkers, and more are working. Half as many are disabled than among the population as whole. All of this adds up to an actuarial advantage. Using the age differences alone to model claims, expected average spending on uninsured people is 95.7 percent of the insured.

We can use insurance premiums as a proxy for cost. The insurance pool that most closely resembles the demographic characteristics of the uninsured is the state's Essential Plan, the program for ACA-eligible people in families with incomes between 138% and 199% of the poverty standard. That average premium in 2020 was $4,810 – held down by demography and relatively low payments to providers. Commercial plans reimburse better. On average they charged $7,320 for the State's benchmark ACA marketplace plan. Taking the average of the two, $6,065, provides a good estimate of how much it might cost to cover NYCs uninsured.

Projecting 2020 rates forward to 2022, the expected total expense if all 246,000 people enrolled would be between $1.5 and 1.6 billion. As discussed below, there would be a premium charged on a sliding scale basis. Some people will not participate. *Assuming 70% of the uninsured with no current path to coverage take up the offer, the total cost would between $1.0 and $1.1 billion.*

Paying for Health Insurance for the Uninsured.

Repurpose City spending.

The City currently supports a substantial network of providers who care for the uninsured. Most extensive is the public hospital system, NYC Health+Hospitals (H+H). In FY2020, City support, net of expenses associated with prison and uniformed services health care, was $970 million. Of that amount, the cost of caring for uninsured patients accounts for 20-22%, or $143-$149 million.

NYC Care, the City's program for the uninsured, is mostly financed with existing support of H+H. Based in H+H facilities, NYC Care offers augmented primary and coordinated services to uninsured patients. Launched in January 2019, about 60,000 people have taken advantage of the offer in the Bronx, Brooklyn, and Staten Island. $25 million was budgeted for the program in FY2021, growing to $100 million in FY2022. Given that NYC Care requires active enrollment and requests documentation of residency plus co-pays from many participants, we can assume that a more comprehensive, less intrusive insurance plan would likely attract current enrollees and City government would be able to transfer the full $100 million funding to the new program.

Medicaid reimburses hospitals for caring for very sick, uninsured New Yorkers who would be Medicaid-eligible but for their immigration status. The Emergency Medicaid program was created as part of the 1985 Federal Emergency Medical Treatment and Labor Act. The State covers half the cost, the Federal government the other half. In 2017, NYC hospitals were reimbursed $540 million by Emergency Medicaid for treating 54,000 people. For the purposes of this proposal, we assume the cost per claim has increased by the same rate as the CPI-Medical care trend, that the new insurance program will reduce demand by 50%, and that the City will be successful in claiming the State's savings for the program. Enrolling people in a NYC Health Plan should save $160 million.

Additional savings would result from a change in the use of the State's surplus from the ACA Essential Plan which offers comprehensive no or very low-cost coverage. Federal funding is calculated at 95% of the tax credits and other subsidies enrollees would have received on the NY State of Health ACA exchange. Nearly universal entitlement encourages everyone - young and old, sick and healthy - to enroll. The pool is significantly less costly to insure than expected. In SFY 2020, the State received $5.6 billion and spent $3.8 billion – a surplus of $2.8 billion. Currently, that money is being banked. It can only be used for Essential Plan participants. NYS could apply for a federal waiver to use the surplus as part of a state-funded program to extend health insurance to qualified residents who are not eligible for the Essential Plan and cannot afford other health insurance If approved, it could underwrite at least $180 million.

Increasing charity care equivalents, PILOTs and other actions

NYC private hospitals are exempt from property, commercial income, and other business taxes because they are classified as charitable institutions. Nationally, non-profit hospitals devote about 1.5% of their operating income to caring for uninsured patients. New York hospitals spend about half as much. NYS ranks 42nd in the country in hospital charity care spending. Increasing NYC private hospital charitable services to 1.0% (still below the national average) by taking on more care of NYC Health Insurance Plan subscribers or by contributing payments in lieu of taxes (PILOTs) would help support the program for the uninsured.

Administrative efficiencies.

The second way to reduce the cost of health insurance is by cutting non-claims costs. In this case through three mechanisms: reducing administrative expenses, eliminating premium taxes, and reducing payment of NYS's special public goods assessments. The first can be accomplished by using the City's leverage with its two largest insurance providers, Empire Blue Cross and EmblemHealth, to provide these services at cost. NYC pays the two companies more than $7 billion annually for insuring City employees, retirees, and their dependents. In both cases, the City's business constitutes more than one quarter of their entire insurance portfolio. If the NYC Health Insurance Plan were as efficient as, for example, the large health insurance plan run by 32BJ, its non-claims expense would reduce premiums by a total of 5%-8%.

Other reductions in non-claims expenses.

Reducing indigent care surcharge. Since 1996, the State has collected a surcharge on all inpatient, clinic, and associated claims to partially fund indigent care in the State. The current rate is 9.63%. If the City's new insurance plan were instead charged the rate paid for Medicaid and State government employees claims, it would be 7.04%. The State Legislature would have to approve this feature.

Creating the NYC Health Insurance Plan as a self-insured program, rather than buying insurance off-the-shelf could reduce the premium by as much as 4%. For example, it would not be obligated to pay the State 1.75% tax on premiums. Nor would it pay insurance company "risk charges," a hedge against claims exceeding income. Instead, the Plan could be backed by a City guarantee.

Premium payments by subscribers.

Most insurance plans come with premiums and out-of-pocket expenses. This proposal assumes monthly premiums set on a sliding scale. For illustration, we provide five broad family income categories for premium plus estimated out-of-pocket expense. In New York, premium accounts for about two-thirds of average total family spending on health care. The other third are out-of-pocket payments for uncovered health expenses like dental care and co-payments and deductibles. **The amounts shown next to the income ranges below are caps/maximum for both premium and cost-sharing (deductible, co-insurance, copays).**

- Under $25,000 0%
- $25,000-$49,999 5% (capped at $2,500)
- $50,000-$74,999 7% (capped at $5,000)
- $75,000 and above 10% (capped at $7,500)

Program Administration.

Management of the City-sponsored plan would be assigned to an affiliated nonprofit. The managers, in turn, would contract with an insurance company to administer the plan under an administrative services only (ASO) agreement. The most likely insurers are Empire Blue Cross and/or EmblemHealth, which together receive $7 billion in City payments every year and should be asked to provide the NYC Health Insurance Plan at cost.

The managers would set policy based solely on the needs of subscribers. Its governing board would be drawn from subscribers plus advocacy, academic, union and business organizations. City health officials would be ex-officio board members. NYC uses the public-private model to manage a variety of City-related programs from parks to housing to addiction services. Separating the NYC Health Insurance Plan from direct City administration might encourage greater enrollment by undocumented New Yorkers by reducing their anxiety about participation in public programs.

Being uninsured is a health emergency. Maya supports universal health care and has advocated for Federal and State action to achieve this goal. In the meantime, she would move aggressively to provide health insurance to all New Yorkers. The uninsured currently have limited access to care – often charged more than insured patients. The evidence is unequivocal. Uninsured accident victims are more likely to die. They suffer from untreated chronic diseases and typically receive care for acute conditions much later in the course of disease. Twenty years ago, the Institute of Medicine named "uninsurance" as the 3rd leading cause of death for people 54-65 – after heart disease and cancer. The ACA helped reduce these outcomes. In NYC, even with the COVID bulge, the number of uninsured has fallen by 40% since 2010. It should be 0. It could be 5%, as it is in Boston and San Francisco, which both support comprehensive health insurance alternatives.

No one should die in NYC because she couldn't afford health care.

No Health Insurance

Percentage of adults ages 18 and older who report not having health insurance coverage.

Highest	%
Jackson Heights	28
Elmhurst and Corona	25
Sunset Park	22
Lowest	**%**
Stuyvesant Town and Turtle Bay	*3
Fort Greene and Brooklyn Heights	*4
South Beach and Willowbrook	*4
Borough	**%**
Bronx	12
Brooklyn	12
Manhattan	9
Queens	15
Staten Island	7
NYC Overall	**12%**

*Interpret with caution due to small sample size.