Campaign for **New York Health**

**We Can Do Better for Working People:**

**Union health benefits and the New York Health Act**

Health coverage continues to be a major issue for working people and their families, and for the labor movement. Assembly Health Committee chair Richard N. Gottfried and State Senator Bill Perkins have introduced a single-payer bill called the “New York Health Act” (A.5389-A, S.2078-A).

The New York Health Act has been endorsed by a long list of organizations, including the New York State AFL-CIO, 1199 SEIU, the New York State Nurses Association, 32BJ SEIU, New York State United Teachers, UFCW Region 1 and Local 1500, Communications Workers of America District 1 and Locals 1103, 1104, 1120 and 1180, UAW 9 & 9A, the Retail, Wholesale & Department Store Union (RWDSU) UFCW and RWDSU Local 338, the Doctors Council SEIU, the Committee of Interns and Residents SEIU, United University Professions, Professional Staff Congress, IATSE Local 1, Utility Workers of America Local 1-2, International Brotherhood of Teamsters Joint Council 16, International Association of Machinists and Aerospace Workers District 15, the Working Families Party, the Green Party, Citizen Action, Make the Road/New York, New York Communities for Change, the New York Immigration Coalition, the New York State Academy of Family Physicians, the New York State American Academy of Pediatrics, and the Public Health Association of NYC (PHANYC), the New York State Black, Puerto Rican, Hispanic and Asian Legislative Caucus, and 92 state legislators.

By taking health care off the bargaining table, the New York Health Act will provide a broader and stronger "union advantage" for union members.  Freed from the requirement to allocate the lion's share of all negotiated money to health benefits, unions will be able to win higher wages; expand other services like disability and supplemental unemployment benefits, life insurance and funeral benefits, etc.; and to provide new benefits like child-and elder-care coverage, legal services, education and housing support that would provide substantial improvements to the security of their members.  Union sponsored health clinics would have stable funding and be able to expand services. Welfare funds would have new financial security.

**Background**

The labor movement historically regarded health coverage as a key benefit of union membership and collective bargaining.

Unions provide health insurance through employer sponsored plans or jointly administered multi-employer plans ("Taft-Hartley funds"). Taft-Hartley funds are especially important for continuity of coverage in industries with short term employment, fluctuating work cycles, or high job turnover.  They have been a real lifeline for low-income and part time workers in retail, hospitality, health care and other sectors.

But increasingly, collectively bargained health benefits, including Taft-Hartley plans, have been under severe stress. The Affordable Care Act (ACA) makes important repairs to our broken health care system. But even with those repairs, our system — based on insurance companies and self-insured plans, and including many Taft-Hartley and collectively bargained health plans – has unavoidable problems:

• Many health plans have narrow restricted provider networks.

• Consumers must often pay high deductibles, co-payments, and out-of-network charges – out-of-pocket spending that shifts a large part of the cost to the individual.

• Employers continue to shift more of the cost of coverage to their workers, or drop coverage entirely. Many workers are having their hours cut to less than 30 hours a week, so they won’t get health benefits.

• The cost of coverage and care is billions higher than it needs to be because employers, consumers and taxpayers pay for the high administrative costs and profits of insurers, and hospitals, physicians and other health care providers spend more on dealing with insurance companies, billing and collecting.

• The ACA subsidies for plans sold on exchanges are not available to Taft-Hartley plans. This gives employers new incentives for dropping the plans, causing a downward spiral as the plans are left with obligations to older, sicker and retired workers. Additionally, Medicaid expansion coupled with the new public and private exchanges present coverage options that that did not exist before the ACA.  As a result employers are beginning to question the economic justification for their very participation in multiemployer plans.

• Under the ACA, a punitive excise tax on so-called “Cadillac” (i.e., good) health benefits goes into effect in 2018. Plans will face a choice between drastic cuts to benefits or unsustainable costs.

Protecting health benefits stands in the way of bargaining for higher wages, and deadlocks over allocating the cost is a leading cause of strikes.  Unionized employers are experiencing growing competitive pressure from non-union employers which, especially among low-wage workers, are rapidly shedding its liabilities to pay for employee health care.

**How New York Health will affect Taft-Hartley and collectively bargained health plans**

The New York Health Act would replace employment-based and individually purchased health coverage with comprehensive coverage as good as or better than the best coverage currently available.

• Unions and unionized employers will achieve a level competitive playing field, financed equitably.

• Selling health insurance that duplicates New York Health benefits would be illegal. Under federal law, employer self-insured plans and Taft-Hartley plans cannot be ended by New York law. But employers and unions would undoubtedly not continue to pay for coverage through those plans, because they would be paying the assessment that supports New York Health.

• Unions will be able to focus their bargaining on wages, retirement benefits, paid sick days and vacations, etc.

• Some union health plans have their own clinics. They could continue to provide care to union members and their families – and for others if they choose to. Instead of being paid by the union health plan, they would be paid by New York Health.

• Taft-Hartley plans could also function similarly to accountable care organizations, being paid by New York Health.

• Some union contracts require little or no worker contribution, and some require a substantial and increasing worker payment. New York Health will be financed largely by a payroll assessment. Employers will pay at least 80% of the assessment; employees will pay no more than 20%. Instead of unions negotiating about what part of the health benefit cost the employer will pick up, they will negotiate about what part of the employee share of the payroll assessment the employer will pick up, and by law it will be at least 80%. It will be easier to negotiate that, because the total payroll assessment will be substantially smaller than the cost of health benefits. First, the New York Health assessment on capital gains, dividends and interest will pay a substantial part of the cost of the program. Second, we won’t be paying for insurance company overhead and profits.

• Many union health plans have excellent benefits. But we haven’t heard of any plan that is better than New York Health – fully comprehensive services, no deductible, no co-pays, no restricted provider network, no out-of-network charges.

A union that fights for New York Health will be fighting to get its members better health care, less hassles, more money in their paycheck, and more money in their pocket.

**How “New York Health” Would Work**

The New York Health Act would provide comprehensive, universal health coverage for every New Yorker and would replace private insurance company coverage. It would be paid for fairly, through progressive assessments based on ability to pay.

**1. Freedom to choose your health care providers.**

There would be no network restrictions. Only patients and their doctors – not insurance companies – would make health care decisions.

**2. Comprehensive coverage.**

All New Yorkers would be covered for all medically necessary services, including: primary, preventive, specialists, hospital, mental health, reproductive health care, dental, vision, prescription drug, and medical supply costs – more comprehensive than commercial health plans.

**3. Paid for fairly.**

Today, insurance companies set the same high premiums, deductibles, and co-pays, whether it’s for a CEO or a receptionist, and a big successful company actually pays less than a small new business. Under New York Health, individuals and employers would not pay premiums, deductibles and co-pays.

Instead, coverage would be funded through a graduated assessment on payroll and non-payroll taxable income, based on ability to pay. For most people, it will be a substantial *reduction* in what they now spend. Most people’s take-home pay will go *up*. (The payroll assessment would be paid 80% by the employer and 20% by the employee, but the bill would allow an employer to agree – e.g., through collective bargaining – to pay a larger share.)

**4. Less administrative waste, better care, more accountability.**

The total cost would be tens of billions less than what we now spend, because we wouldn’t be paying for huge insurance company administrative costs and profits or for the time and paperwork of dealing with insurance companies. Health coverage would be accountable to the people of New York, not to insurance company stockholders.

**5. Job-friendly.**

It reduces costs for employers – large and small – by taking them out of the business of buying health coverage. That would make New York dramatically more job-friendly, especially for small businesses, start-ups, low-margin businesses, local governments and taxpayers, and non-profits.

**6. The most affordable way.**

A 2009 report by New York State found that a single-payer plan would have the lowest cost for providing universal coverage, compared to plans relying on insurance companies and employment-based coverage.

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