

STATE WIDE

New York StateWide Senior Action Council, Inc.

Frequently Asked & Answered Questions ***NY Health Act and Medicare***

Pending New York State legislation known as *The NY Health Act* would ensure that ALL who live in or work full-time in New York have comprehensive universal health care coverage through a single payer system administered by the state. *The NY Health Act* is commonly referred to as “Improved Medicare for All.” (2025-20246 bill numbers: S3425/A1466)

Why do we need *NY Health*? This legislation will eliminate the financial burden of large deductibles and copayments which serve as a barrier to accessing health care, and also impoverish many New Yorkers. Even with Medicare coverage, seniors are seeing a substantial portion of their income and assets devoted toward increasing health care costs, including premiums, deductibles and co-payments. According to our colleagues at *Social Security Works*, 37% of the average Social Security check goes toward out-of-pocket health care costs. *The NY Health Act* creates a publicly funded and privately delivered health coverage system that promotes prevention and care coordination. Implementing *NY Health* will save money by reducing waste, eliminating insurance administrative expenses and profit, and negotiating lower drug prices. Participation becomes affordable and is not subject to deductibles and unknown out of pocket costs throughout the year. In 2019, the *NY Health Act* bill amended previous versions to include long-term care, an important component of the continuum of care. Medicare does not cover long-term care and very few health insurers currently cover long-term care benefits as part of their comprehensive coverage. Subsequent amendments in 2020 make definitions more clear, relate to some workers who live out of state and increase the income exemption.

What is a single payer system? There would no longer be insurance companies selling health insurance that duplicates what *NY Health* covers. The state would place all revenues collected to finance the system in the *NY Health* Trust Fund. The Department of Health will pay providers – your doctor, your hospital, your nursing home, your home care agency and all other medical care providers, pharmacies and suppliers. Every NY resident will have the same benefit card and access to the same comprehensive benefits package. While applying for Medicaid and Medicare would still be needed, in order to have the federal funds transferred to the NY Health Trust, there would be no need to use a Medicare or Medicaid card in New York.

No Medicaid and no Medicare? That's right. New York State would apply for a waiver from the federal government to allow the money for Medicaid that goes to the state and Medicare funding that currently goes to insurance companies (Medicare Advantage Plans/HMOs, and Part D Prescription Drug plans) to go into the *NY Health* Trust Fund. The payments the federal government makes to providers for Medicare services under Medicare Part A and B would also go to the *NY Health* Trust Fund. Even if the federal government did not approve the request for a waiver, *NY Health* will wrap around the federal benefits, so that Medicare enrollees would select Original Medicare (fee for service Medicare A & B.) Since *NY Health* will pay for deductibles and copays and Medicare premiums, the plan will eliminate the need for supplemental coverage plans (Medigap) or Medicare Advantage plans. You will keep your Medicare card and it would still be yours to use, mostly for out of state travel, (if needed.) As a resident of New York State covered by *NY Health*, the *NY Health* Trust Fund would pick up any out of state charges that were owed by you, either by paying the provider directly or reimbursing you if you were charged out of pocket costs that Medicare did not cover. After *NY Health* is in place, once you have been enrolled in Medicare you would no longer have to annually review your Medicare coverage, worry about open enrollment decisions, or find yourself stuck with large out of pocket costs.

What do Medicare enrollees pay to be included, if *NY Health* is approved to administer our Medicare benefit? NY residents enrolled in Medicare would not pay anything to become a member of *NY Health*. **Retirees would not pay a payroll tax, so their only taxable income to support coverage under the *NY Health* Act would be if they have non-payroll income (other than social security and some pensions) above \$50,000 per year.** *For those with non-payroll income*, there would be a new line set up on the personal income tax form to pay for the contribution for income above \$50,000. Non-payroll income includes interest, dividends and certain other income, but income from Social Security, public pensions and a portion of private pensions are not taxed. *If a member is working* and has taxable payroll earnings, subject to FICA taxes and income greater than \$25,000 per year, the portion of income above \$25,000/yr would be taxable for contribution to the *NY Health* Trust Fund. This would be a progressive graduated tax, so that *NY Health* would be fairly funded, based on the ability to pay. The new FICA-like payroll tax on payroll income above \$25,000 will be established with an employer contribution of at least 80% and an employee contribution of no more than 20% (but employees would be permitted to negotiate a lower contribution rate like the way union collective bargaining does now. Public employers who currently pay between 80-100% of employee health insurance premiums would continue to pay at least the same percent of premiums through the new payroll tax.)

- ***The goal would be NO Medicare PART B Premium for anyone***, regardless of their income. Currently, Medicare enrollees pay a monthly premium for Part B. This is most often taken out of a Social Security check, unless the Medicare beneficiary is low

income, and then premium supports offset some or all premiums and out of pocket costs. To have Medicare work with *NY Health*, a federal waiver wouldn't be necessary but it is highly desirable for the state and federal government to work together to ensure efficiency and predictability. If New York State didn't get a federal waiver approved, the state could simply remove the income limits on its Qualified Medicare Beneficiary (QMB) program for Medicare recipients. This would allow the *NY Health* fund to pay the federal government all New Yorkers' Part B premiums, regardless of their income, just as it now does for low-income seniors through the QMB program.

- ***No deductibles or copays or private insurance premiums.*** No supplemental coverage will be needed. Currently, Medicare enrollees have a deductible for hospitalizations and medical care as well as co-payments for doctor's office visits and other services. Medicare enrollees have coverage for 80% of the care and are responsible for a 20% cost share. Many chose to buy supplemental insurance, often known as Medigap coverage, with an additional monthly premium to cover their responsibility for cost sharing and copayments. Others have the supplemental coverage through retiree health benefits. Under *NY Health*, 100% of care is covered and there would be no supplemental costs or insurance needed. Some people currently avoid the cost share by joining a Medicare Advantage plan, but often that means their choice of hospital or doctor or other provider or prescription coverage is limited. Some plans also charge a monthly premium. Under *NY Health*, there are no closed networks of providers and every New York resident will have access to the same covered prescription drugs and medical supplies with no out of pocket costs. Therefore, there would be no enrollment in Medicare Advantage Plans.
- ***NO Medicare PART D Premium*** (prescription drugs) for anyone, regardless of their income. Currently, Medicare enrollees pay a monthly premium for Part D. Sometimes this is included in the Medicare Advantage plan's coverage or is part of a retiree health benefit. Sometimes low-income New York residents receive premium support. Under *NY Health*, everyone will be free from Part D premiums, regardless of income. *NY Health* will be considered creditable coverage for Part D, so if someone moves out of state and enrolls in Part D there would be no late enrollment penalty.

Will *NY Health* cut Medicare benefits? NO. In addition to removing out of pocket costs, deductibles and eliminating Medicare Advantage that limit access to a specific network of providers, *NY Health* will expand benefits. That's why *NY Health* is seen as universal coverage and also called "Improved Medicare for All." The benefits will include comprehensive outpatient and inpatient medical care, primary and preventive care, long-term care, prescription drugs, laboratory tests, rehabilitative, dental, vision, hearing, etc. – all that is medically necessary. All of the benefits required by current state insurance law or provided by

the state public employee package, Family Health Plus, Child Health Plus, Medicare, or Medicaid, would be included and other benefits will be added such as:

- **Dental coverage**, which is not covered under Medicare. Dental services, including dentures, will be included as a covered benefit under *NY Health*.
- **Vision care**, which is not covered under Medicare. Eye exams and eye glasses will be included as a covered benefit under NY Health.
- **Hearing aids**, which are not covered under Medicare. Hearing aids will be included as a covered benefit under NY Health.
- **Long-term care**, which is not covered under Medicare. Currently, Medicare enrollees have only short-term rehabilitative home care, or they have Medicare coverage for short term care in a rehab facility if they have met the prerequisite inpatient hospital stay requirement. Otherwise, Medicare enrollees must pay out of pocket, use private long-term care insurance or spend down income and assets on their long-term care costs to be eligible for Medicaid long-term care coverage. This can lead to financial ruin and bankruptcy for Medicare recipients. The *NY Health* bill now includes long-term care, thereby protecting your assets from medical debt. Once enacted into law, there would no longer be any worry about Observation Status days in the hospital preventing institutional rehab coverage, as we have under Medicare rules now. There would no longer be a spend-down to Medicaid or a wait to be approved for Medicaid in order to access community/home or institutional long-term care.
- **Care management** may not be available to all under Medicare. Under *NY Health*, everyone will have access to care coordination - help to get the care and follow-up the patient needs, coordination of referrals, and assistance navigating the system. But there would be no "gatekeeper" obstacles to care.

How will I know if my doctor accepts *NY Health*? Under *NY Health* all doctors and other health care providers will be paid out of the *NY Health* Trust Fund. They will not be government employees and will be able to maintain their private practices – with less administrative burden and obstacles to getting paid for their services. So, unless a doctor refuses to participate in the only coverage available in the state for comprehensive medically necessary care, and only accepts out of state patients or out of pocket payment for services, your doctor will accept payment from *NY Health*. Private insurers would only be allowed to sell to New Yorkers health policies for non-medically necessary coverage for elective procedures, such as plastic surgery or non-medically necessary orthodontics. The bill has several provisions very attractive to physicians, including the fact that they will no longer need to spend so much staff time to manage billing codes and collect payment. They will no longer need to negotiate varying reimbursement rates with a variety of private health insurance companies each year, or apply to be part of provider panels. Additionally, the bill sets up a payment negotiation system that physicians have long sought to have a voice in how they are

paid for services. Rates will be predictable, and payments received will be dependable. Simply put, there will be lower administrative burdens on the physician practice.

How will *NY Health* interact with retiree health insurance benefits? Ultimately, all pension health benefits for New York residents that are covered under *NY Health* will be administered through *NY Health*. This will be phased in after thorough discussion with retiree health plan administrators/unions. Those benefits that a retiree's health plan covers that are not covered under *NY Health* (if there are any) could still fall to the retirement health plan. There will be NO DIMINUTION or reduction in benefits from what a retiree health plan currently covers allowed under this law once *NY Health* is implemented. That's right – nothing less, and for most, there will be much better benefits than retirees currently have.

How will *NY Health* work if I need care out of state? As with most health coverage, *NY Health* covers health care services when a member is temporarily out of state, either because health care is needed while the member is traveling or because there is a clinical reason for going to a particular out-of-state provider. If an out of state provider does not accept *NY Health*, your Medicare card will continue to work when you are out of state and your out of pocket costs will be covered by *NY Health*.

What if I move out of state? *NY Health* benefits are for NYS residents; a new provision in the bill provides coverage for out of state residents who work in New York. If a retiree moves out of state, they will need to enroll in any Medicare plan that meets their needs offered in the new area of residence. If you are a retiree with health benefits and move out of state, your retiree health benefits plan will need to provide your out-of-state coverage as they currently do. In the case of public union retirees in New York, the latest bill now ensures that retirees who move out of state will be able to retain their pre-*NY Health* insurance coverage. No one who moves out of state will face a Medicare delayed enrollment penalty because *NY Health* will function as creditable coverage.

Are there other benefits that Medicare enrollees should know? *NY Health* will save money by eliminating insurance company profits and reducing administrative costs. It is expected that over 95% of New York residents would achieve a savings when enrolled, compared to what is paid currently for health insurance and out of pocket costs. The revenue package would also replace the local share of Medicaid (paid through property tax collections,) and the state share of Medicaid (paid through personal income tax collections,) along with other health funds that are part of the state budget. As a result, the "local share" of Medicaid funding - a major burden on local property taxes - would be ended. Ultimately, in addition to most NYers saving money under the *NY Health Act*, the state will also save money on Medicaid and other health programs that it now funds off general tax revenues.