

New York Health Act FAQ

Assisting Displaced Workers

Q: The shift from a multi-payer health insurance system based on private insurers to an efficient, simplified public single-payer system promises to yield substantial savings in administration. These savings will be passed along to New York residents, eliminating financial barriers to accessing care and reducing the overall cost of health care for nearly all New Yorkers. This will inevitably mean, however, that fewer workers will be needed in medical billing, bookkeeping, insurance, and administration. How will the New York Health Act deal with such job losses?

A: Advocates for single payer health care take this issue very seriously and strongly support a just transition for any workers displaced by the reformed health care financing system. The New York Health Act includes a mandate to use state funds to facilitate an effective program of income maintenance, job training, and employment transition. Some workers will be needed, following retraining, in new health care positions, including providing the enhanced care coordination called for in the legislation. Nearly all the other workers who transition out of billing and administrative jobs are expected to be re-employed within two years following passage of the law.

Section 5010(3) of the bill declares, “The Commissioner shall provide funds from the New York Health Trust Fund or otherwise appropriated for this purpose to the Commissioner of Labor for a program of retraining and assisting job transition for individuals employed or previously employed in the field of health insurance...or providing services to health care providers to deal with third-party payers for health care, whose jobs may have been ended as a result of the implementation of the New York Health program...”

The national Medicare for All Act (HR 676) contains a similar provision authorizing special unemployment benefits for a period of two years after enactment to allow for transition to new employment.

Professor Gerald Friedman looked into this issue in his *Economic Analysis of the New York Health Act* (see below). He provides an estimate of job losses, re-employment prospects, and the cost to the program of these supports. Using government labor statistics, Friedman estimates that there will be up to 300,000 workers employed in health care administration, including billing and insurance processing for physicians and hospitals, in New York in 2019, and an additional 26,000 working for health insurers. Most of those working for health insurers will be displaced, along with about one-half of those working for health care providers, yielding about 150,000 newly unemployed workers residing in New York.

Some of these 150,000 will be re-employed as the number of New Yorkers with access to care increases and the utilization of services grows. Over the year following implementation of the law, as workers are laid off, others will join about 1.4 million New Yorkers who are ordinarily seeking work during any year in New York State. Drawing on recent experience in the financial

services sector, he estimates, after six months, more than 70% of those displaced will be re-employed and, after two years, just 1% will still be without work.

They will likely be seeking re-employment in a favorable economic climate. Not only will most New Yorkers have more money in their pockets, since they will be paying less for health care, but the plan will reduce the cost of health care for New York employers, allowing increased wages, creation of new jobs, new businesses, and increased hiring. New York will be a more attractive place to locate a business or start a business. According to estimates from Friedman and the RAND Corporation, nearly 200,000 new jobs will be created following passage of the law.

The special funds provided under the New York Health Act will make this transition easier and swifter for those who are displaced. They will receive job training and added financial support during the transition, using funds raised by the New York Health taxes. And, of course, like all New Yorkers, they will have access to any health care they need during the transition, as well as later.

Sources

Expanded and Improved Medicare for All Act, HR 676, Section 303(e).

<https://www.congress.gov/bill/115th-congress/house-bill/676/text#toc-HD86A971D20EC439E8203A631A1861CD3>

Friedman, Gerald (2015). Economic Analysis of the New York Health Act, pp. 24-25; 37-39.

http://www.infoshare.org/main/Economic_Analysis_New_York_Health_Act_-_GFriedman_-_April_2015.pdf

Jodi Liu (2018) An Assessment of the New York Health Act, pp. 52ff.

https://www.rand.org/content/dam/rand/pubs/research_reports/RR2400/RR2424/RAND_RR2424.pdf