

# Why is Health Care So Unaffordable In New York State?

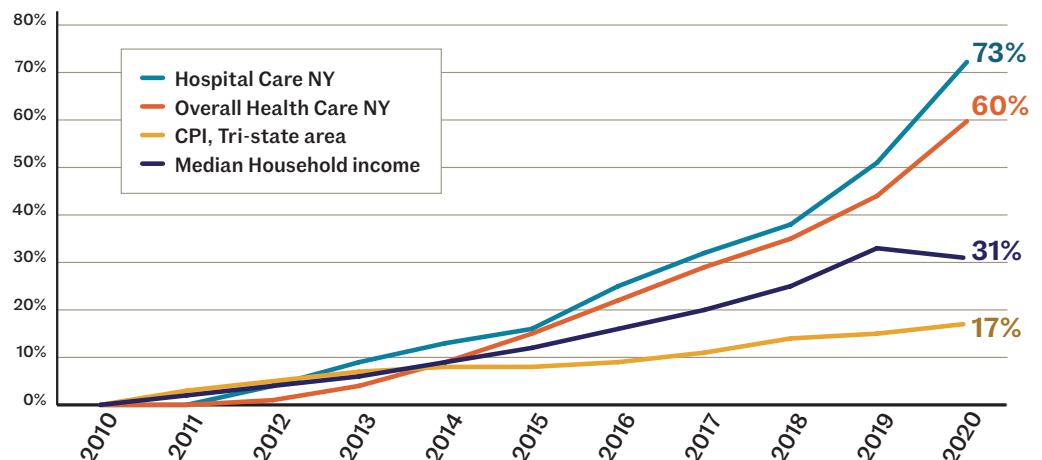
New York's health care spending has **tripled** over the past three decades. It has the **second-highest** overall health care spending per person (\$14,000) and the **second-highest** premiums for family coverage (\$26,400) in the nation. Hospital care is the single biggest contributor (39%) to health care spending in New York, rising **twice as fast** as income and **four times** as fast as inflation over the past decade.

The origins of New York's expensive, fragmented, and inequitable health care system arise from policymakers' decisions in the 1990s to move from a regulated system of health care pricing and planning to a market-driven one. Post-deregulation hospital consolidations lead to high hospital prices for everyone, and inequitable access to care for people of color. High hospital prices adversely affect payers, employers, unions, and patients alike, resulting in high insurance costs, elevated patient cost-sharing, and medical debt. **In the wake of deregulation, 53 general hospitals have closed, disproportionately in communities of color.**

## Rise in health care expenditures outpaces income and inflation, 2010-2020

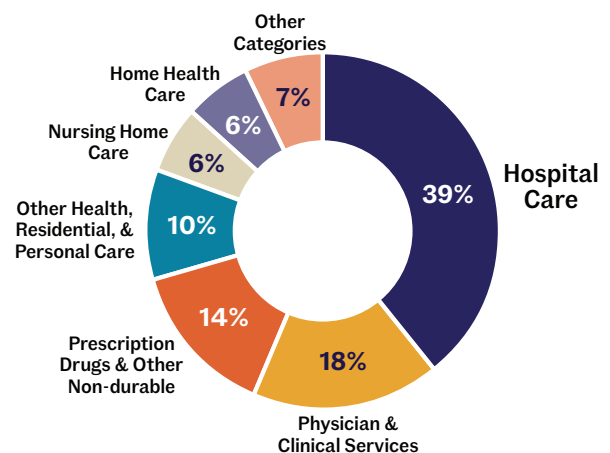
In 2020, New York's per capita health care spending was the second-highest in the nation at \$14,000.

Since 2010, spending on hospital care rose **twice as fast** as income and **four times** as fast as inflation.

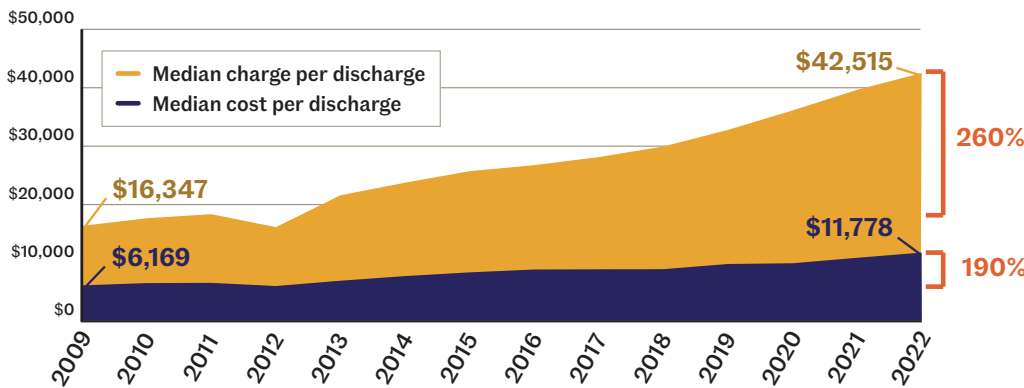


## Distribution of health care spending, NY, 2020

Hospital care is the single biggest component of health care spending (39%). Seventy percent of emergency room visits in New York, over double the national rate, are nonemergent and could be better treated in a primary care setting.



## Hospital-reported costs and charges for inpatient appendectomies, NY, 2009-2022



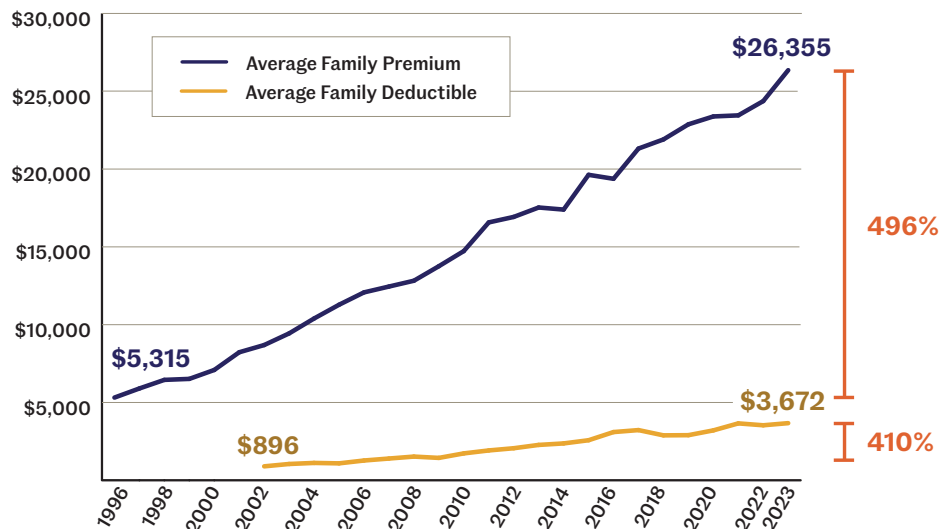
Hospital charges appear to be a significant driver of the rapid increase in New York's health care spending.

The amount hospitals charge rose substantially faster than the reported cost of providing that same care (260% compared to 190%).

## Increase in average family premiums and deductibles, NY, 1996-2023

Elevated hospital prices result in substantial increases in insurance premiums, deductibles, and cost-sharing for patients.

New York has the second-highest health insurance premiums for family coverage in the nation.



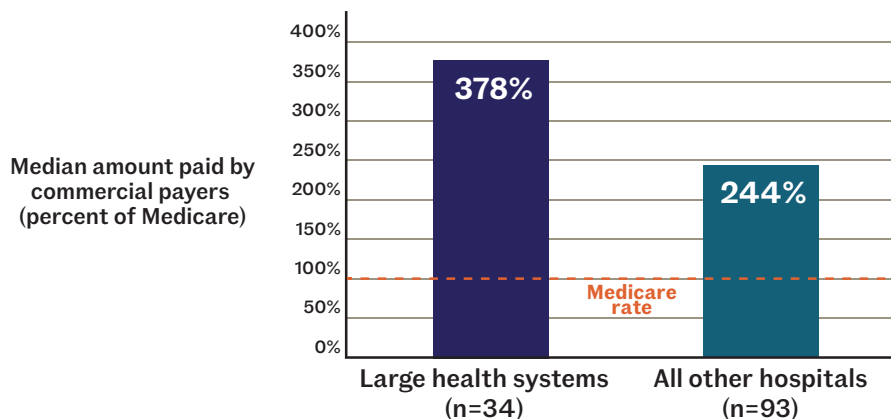
## Level of hospital market concentration in New York's insurance rating regions, 2022

HIGHLY CONCENTRATED (HHI>1800)	NOT HIGHLY CONCENTRATED (HHI ≤1800)
Finger Lakes	Central and Southern Tier
Long Island	North Country and Mohawk Valley
Mid-Hudson	NYC Metro
Capital Region	
Western New York	

New York's Public Health and Health Planning Council (PHHPC) is charged with regulating hospital mergers. Yet from 2011 to the end of 2023, 103 transactions occurred in New York that either involved establishing a new health system or expanding an existing one.

Consolidation has resulted in five out of eight New York regions meeting the Federal Trade Commission threshold for a "highly concentrated" hospital market.

## Median amount paid by commercial payers for six largest private health systems, NY, 2022



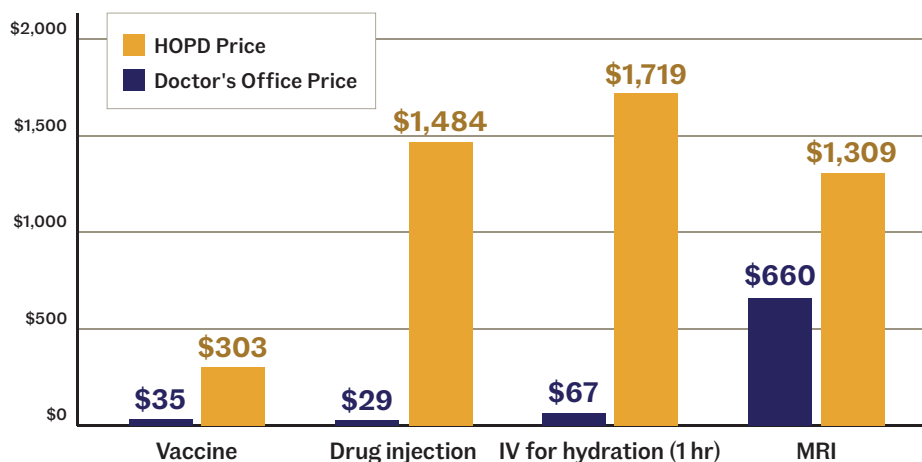
New York's six largest private hospital systems control over 42% of inpatient beds and charge a median commercial price that is almost **four times** the Medicare rate.

Over half of hospitals in New York's six largest health systems have at least a 6% operating profit margin, well above the 3% Fitch Ratings considers healthy for nonprofit hospitals to meet their obligations.

## Average aggregate price of outpatient services at hospital outpatient departments vs. independent doctor's offices, NY, 2022\*

Hospital-owned outpatient departments (HOPDs) often charge much more than doctor's offices despite providing similar quality of care.

Brown University researchers estimate curbing these charges could save \$1.1 billion annually (\$213 million for consumers).

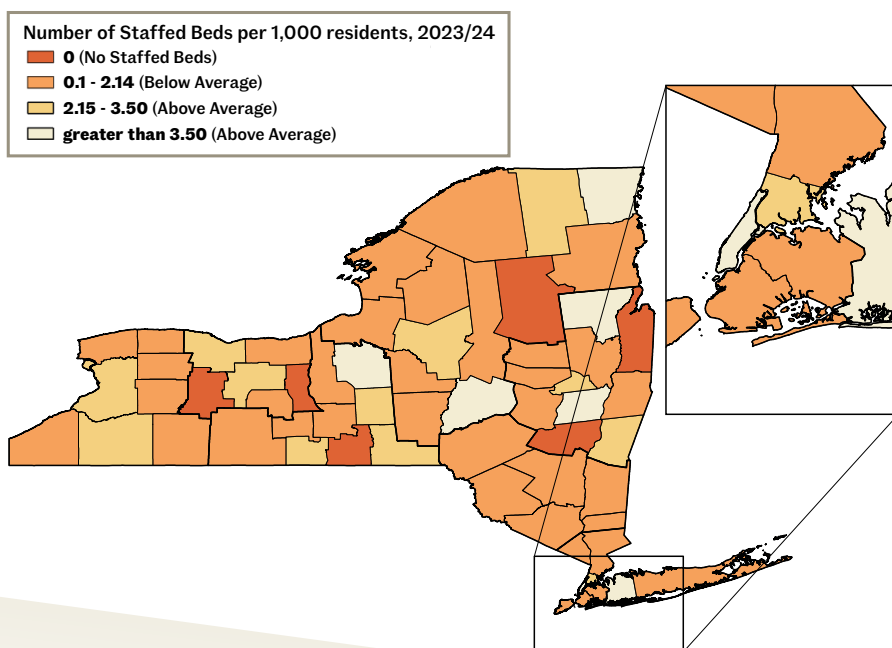


\*32BJ Health Fund claims data

## Staffed beds per 1,000 residents by county, NY, 2023-24

Access to hospital care varies widely across New York State. Six counties lack any staffed hospital beds.

The Statewide average is 2.14 staffed beds per 1,000 residents.



Resident characteristics in counties with no hospital closures versus counties with at least one hospital closure, NY, 1997-2024

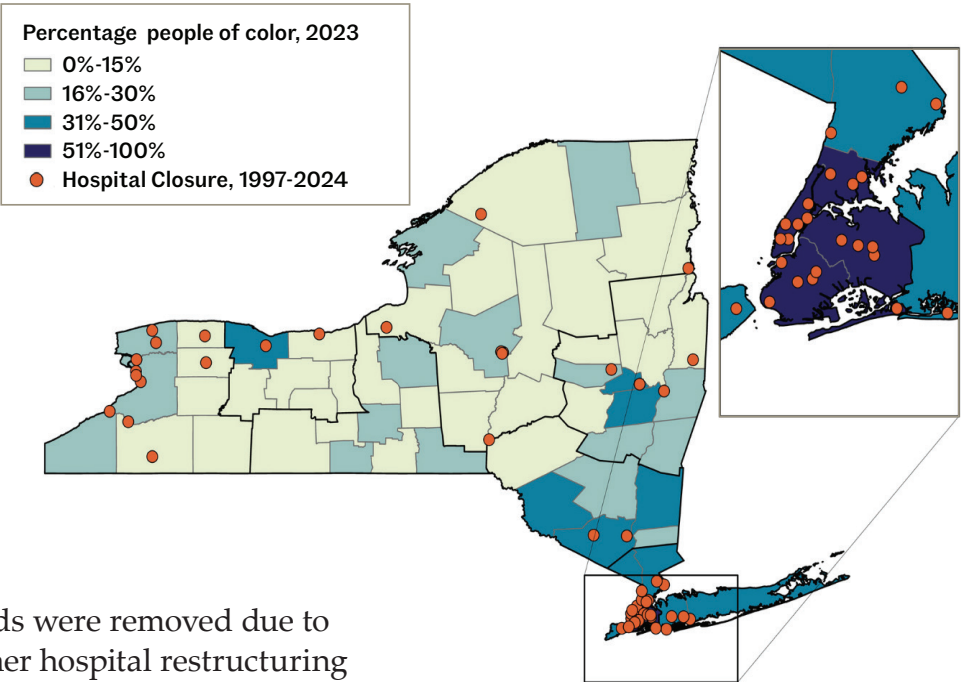
	Counties with no hospital closure	Counties with at least one hospital closure
Median share of people of color	12%	21%
Median household income	\$69,100	\$72,200
Median share of uninsured residents	4%	5%

Hospital closures, NY, 1997-2024

Between 1997 and 2024, 53 New York hospitals out of over 200 closed.

Hospital closures have **not been equitably distributed** across New York’s population which has contributed to disparities in access to care. The median share of residents of color in the closure counties is 21% compared to just 12% in the non-closure counties.

During this time, over 9,600 beds were removed due to closures, consolidation, and other hospital restructuring (19% of the State’s total beds.)



CMS quality ratings for hospitals, NY, 2024

Overall quality rating	1 star	2 stars	3 stars	4 stars	5 stars
Number of hospitals	32	40	30	14	10

Only 19% of New York hospitals received 4- or 5-star quality ratings. Nationwide, 40% of hospitals have a 4- or 5-star rating. The State’s hospitals **rate poorly** on multiple aspects of **quality of care** like: mortality; safety of care; readmissions; timely and effective care; and patient experience.

New York policymakers should consider a range of policy options—many of which have been adopted by other states—to address the unaffordability, lack of access, and low quality that plague the State’s health care system. Read the full report, *Why is Health Care in New York So Unaffordable and What Can be Done to Fix It?* to learn more about how New York can address its lack of transparency, high prices, and uneven quality of care at [cssny.org](https://cssny.org).