

# NYC Health Care Security Act

Leveling the Playing Field  
for Responsible Businesses

# Frequently Asked Questions

## What is the New York City Health Care Security Act?

- This New York City law would help responsible businesses to continue offering health care and expand access to health care for tens of thousands of working New Yorkers and their families, while indirectly saving taxpayers money.
- The new law would level the playing field for businesses. Many responsible business owners are being hurt by unfair competition from owners who recklessly cut health benefits to lower their costs. The NYC Health Care Security Act would ensure that all businesses in the covered sectors have to provide similar levels of health benefits in order to protect responsible businesses and all employees.
- The bill requires all employers in certain industries in the city to either provide their workers with family health care or to contribute to a citywide fund that would give their employees family health coverage.

## Why is a new law necessary?

- In industries where workers have traditionally received health care from their employers, many employers are dropping health care so they can compete with other businesses that do not insure their workers.
- Irresponsible employers who refuse to provide health care — despite the fact that their competitors are doing so — are shifting to taxpayers the cost of caring for their workers.
- These factors contribute to New York City's health care crisis, which hurts working families, squeezes responsible companies, and strains the overburdened public health care system.
- Over one million working New Yorkers — particularly Latinos, African Americans and immigrants — live sicker and die younger because they don't have health insurance and cannot afford health care.
- Millions of insured New Yorkers who receive health care from their employers face the possibility of losing their coverage because they or their employers can no longer afford it.
- The NYC Health Care Security Act will address these issues by helping business owners in certain industries provide health care for their employees, by protecting employees' access to health care, and by indirectly relieving the tax burden of paying for health care for the uninsured off the shoulders of all New Yorkers.

## How will businesses in these industries benefit?

- Responsible business owners support this bill because it helps them continue providing health care for their employees without worrying about being hurt by competitors that cut employee benefits in order to lower costs.
- The law will level the playing field for 9,300 responsible businesses that currently provide health care but face unfair competition from businesses that don't.
- The law will strengthen the affected industries by ensuring a more stable, healthy and productive workforce. Research shows that service workers who receive health benefits stay on the job longer, have better morale, and are less prone to absenteeism, resulting in substantial savings for their employers in recruitment, training and other costs.

## How will workers and their families benefit?

- 152,000 insured working families in the affected industries will be protected from having their health care cut or dropped because of pressure on their employers from competitors who refuse to provide health care.

- And 60,000 currently uninsured workers in these industries will receive health care for the first time, enabling them and their families to live longer, healthier lives.

### **How will taxpayers benefit?**

- New York City taxpayers will indirectly save millions of dollars a year as uninsured workers and their families, whose care is currently subsidized by the city through social programs, will now be funded by the covered industries.
- By encouraging employers in the covered industries to continue providing health care to their employees, the new law will also protect the city from even greater costs that would result if more businesses were forced to drop coverage.

### **How would the law work?**

- Employers in building services, grocery, hotel, industrial laundry and construction industries will have a choice of offering their workers their industry's prevailing level of health care or of contributing to a citywide fund to provide their workers with family health coverage.
- The contribution will be determined based on the hours worked in the city by their uninsured workers and will be set based on the prorated annual cost of purchasing adequate family health coverage for one uninsured worker.
- The new law will strengthen these industries by establishing a program to provide care for the uninsured, while preventing businesses that refuse to provide health care from gaining an unfair competitive advantage.

### **Have similar laws been enacted elsewhere?**

- In 2003, California enacted a similar law, S.B. 2, which requires all large employers in the state to either provide their workers health care or to pay a fee to the state to cover the cost of purchasing insurance for their employees. When the S.B. 2 was put to referendum, the opposition was bankrolled by Wal-Mart and McDonald's to the tune of 12 million dollars. It was defeated by less than one percent in 2004.

### **Which businesses will the law cover?**

- The law will cover large employers in the building services, grocery, hotel, industrial laundry and construction industries — businesses where it has long been the standard industry practice to provide workers health care.

### **Can these businesses really afford to provide health care?**

- Yes. Most businesses in the covered sectors already provide health care – and have for years. Their experience demonstrates that employers can offer quality, affordable family health care while operating successful companies.

### **Will the law cause businesses and jobs to leave the city?**

- No. The industries covered by the law provide services that must be performed in New York City. Businesses in these industries are very unlikely to leave the city to avoid paying the contribution or providing health care.
- The majority of businesses in these industries already provide health care and have demonstrated that they can run successful companies while providing for the health care of their workers.

### **Does the city have the power to enact such a law?**

- Yes. New York State's constitution and home rule law give the city the power to pass laws regulating local businesses to protect the health, safety and welfare of the city's residents and workers. This regulatory power extends to all businesses in the city, not just those that receive contracts or benefits from city government.
- In recent years, the city has used this power to pass local laws regulating industries in the city when new protections were necessary. For example, the city has enacted local laws governing the private waste carting industry and protecting building service workers in private buildings from being fired when a new landlord or janitorial company takes over. State law also permits the city to assess fees on local businesses to finance the costs of regulatory programs for their industries.