

Memorandum in Support of The Fair Pricing Act (S705 | A2140)

Small Business Majority offers this Memorandum of Support for the Fair Pricing Act S9705/A2140, which would provide needed relief to thousands of New York small business owners and employees and save up to \$1.5 billion annually in healthcare spending in the state.

According to KFF, New York has the second highest health expenditures per capita, following only the District of Columbia.¹ Hospital care is the single largest component of health care expenditures.² Over 740,000 New Yorkers have medical debt. Researchers at the Urban Institute have determined that 73 percent of people with medical debt owe some or all of that debt to hospitals.³ According to our research, 54% of small businesses believe hospitals are responsible for increases in healthcare costs.⁴

The Fair Pricing Act would help control hospital costs by enacting what is known as site-neutral policies. This means that a hospital would not be able to charge more for certain low-complexity procedures than what would be charged for the same procedure in a doctor's office. For example, the 32BJ Health Fund found that a routine \$23 flu shot costs eight times more (\$183) when delivered in a hospital outpatient department. An IV for hydration was found to cost 25 times more. Under the FPA, these elevated charges would be limited to a fair price, 150 percent of what Medicare pays, for the same service in a lower-cost setting. Medicare has already adopted these site-neutral policies for several procedures and New York State should follow suit.⁵ New Yorkers support the Fair Pricing Act, with 89 percent of surveyed voters supporting the legislation.⁶ Our research shows that the vast majority of entrepreneurs (82%) say the government should set limits on what hospitals can charge for certain services.

New York needs to formulate a comprehensive solution to our skyrocketing health care costs. But in the meantime, the Fair Pricing Act is an important first step towards doing so. For these reasons, Small Business Majority urges the Legislature to enact the Fair Pricing Act.

¹ KFF, "Health care expenditures per capita by state of residence," KFF State Health Facts.

² Centers for Medicare and Medicaid Services, "Nation Health Expenditures 2022 Highlights," 2023.

³ M. Karpman, "Most adults with Past-due medical debt owe money to hospitals," Urban Institute, 2023.

⁴ Small Business Majority, "[Opinion poll: Small businesses struggling with rising healthcare costs, support bipartisan policy solutions](#)," 2024

⁵ KFF, "Five things to know about Medicare site-neutral payment reforms," KFF Medicare, 2024.

⁶ Tulchin Research, "[Polling in New York Finds Overwhelming Support for 'Fair Pricing Act' Legislation](#)," 2025.