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Contact: Deborah Fasser

518.432.9086

NEW YORK HEALTH INSURANCE TAXES TO TOP \$4.6 BILLION IN 2015

Cuomo Budget Proposal Will Add Additional \$69 Million

Gov. Andrew Cuomo has proposed a new tax on private health care coverage that if enacted will, at a minimum, add an additional \$69 million to the growing \$4.6 billion tab of hidden taxes and fees paid by New Yorkers.

The new tax would be an assessment on all fully insured health insurance policies issued on- and off- the exchange. The tax will not be assessed on self-insured policies, or those covered by Medicare, Medicaid or Child Health Plus.

Critically, the Superintendent of the Department of Financial Services will determine the amount of the premium tax based on the financial funding needs of the exchange. This amount is currently projected to be \$69 million, however, this years' allocation is supplemented by hundreds of million in federal subsidies. As these subsidies dry up, New Yorkers will potentially face a dramatic increase in their tax burden – estimated to be in excess of \$250 million annually.

“Increasing state taxes on health insurance will increase premium rates, which in turn will force small businesses and individuals to opt-out and drop coverage – increasing the number of uninsured,” said Deborah Fasser, spokeswoman for NYSCOP. “These taxes are a tremendous burden on the cost of coverage and are completely inconsistent with both our state and nation’s goal of trying to decrease the number of uninsured.”

According to a recent analysis undertaken by the New York State Conference of Blue Cross Blue Shield Plans, this new fee is in addition to the \$4.6 billion in hidden state health insurance taxes and fees consumers will already pay in 2015. What’s more, from 2014 to 2015 these existing state taxes and fees will increase by an estimated \$160 million. Consequently, if the governor’s proposal advances, there will be a total tax increase of \$229 million on consumer health insurance policies this year.

Currently, the state has four existing taxes that directly affect the cost of health insurance premium. They are:

- A tax on health plans for each covered life that they insure, known as the Covered Lives Assessment: **\$1.1 billion.**
- A 9.63 percent tax on “sales” hospital and other health care services: **\$2.9 billion.**
- “Assessments” on all health plans to fund the State Insurance Department operations: **\$240 million.**
- Premium taxes on those who receive health coverage from commercial insurers: **\$353 million.**

Adding to the state tax burden are a number of new federal health insurance taxes. For example, beginning in 2014, New York’s businesses and families were forced to pay an additional \$1.7 billion, bringing the total health insurance tax bill to more than \$6.2 billion, as a result of two new taxes included in the federally required Affordable Care Act.

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