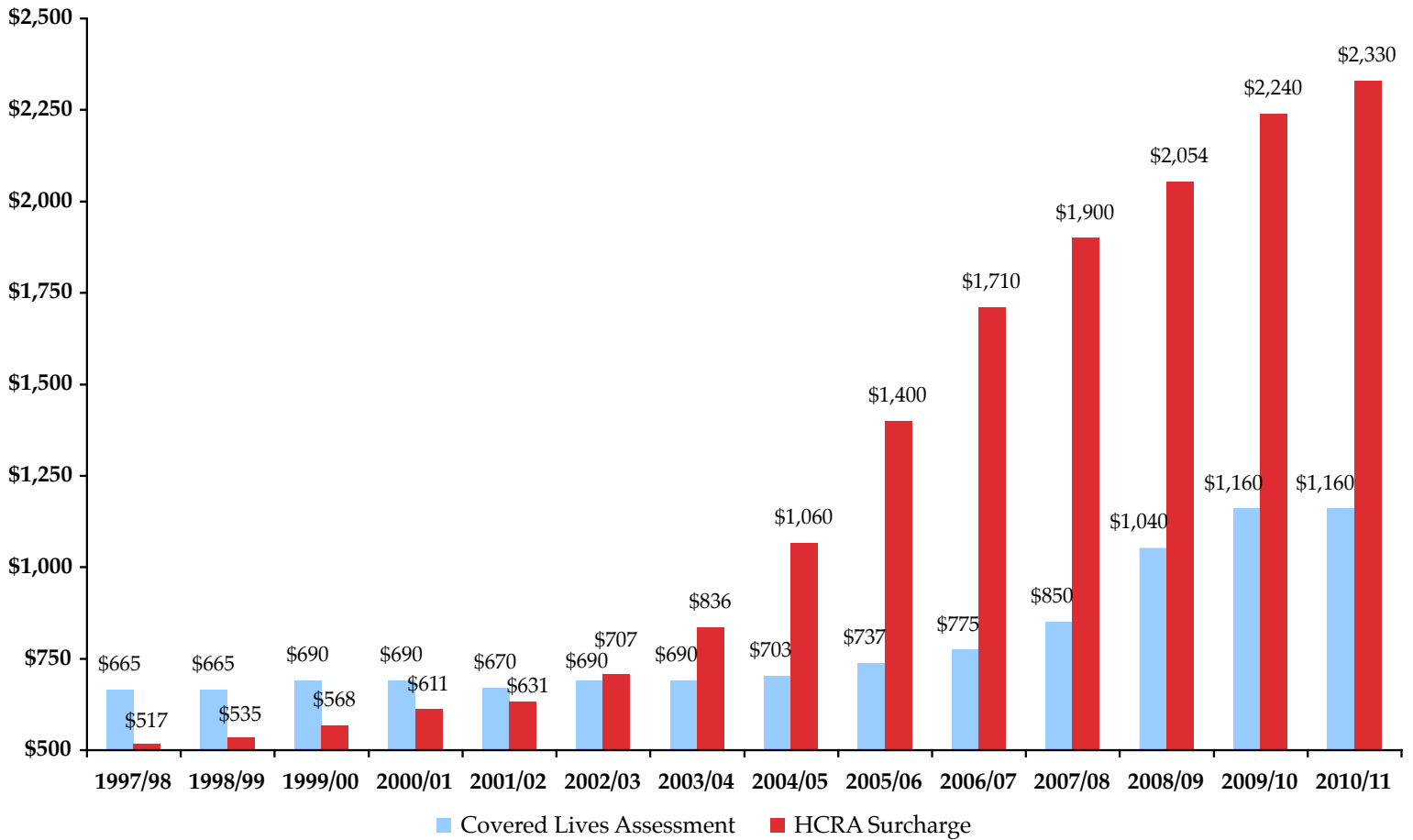




The Facts About Taxes on Private Health Insurance Under the Health Care Reform Act (HCRA)

Increases in HCRA Taxes: HCRA Surcharge and Covered Lives Assessment, in Millions, 1997-2010



Source: NYS Enacted Budget Financial Plans & 2010-11 Executive Budget Five-year Financial Plan

The Covered Lives Assessment is a flat surcharge or tax on every person who has insurance coverage in the State and is paid by health insurers and benefit administrators. The HCRA surcharge is a tax on all hospital discharges in the State and is also paid by all health insurers and benefit administrators. Both of these taxes result in higher premiums and make health coverage increasingly unaffordable for businesses across New York.

The HCRA surcharge imposed by New York State on private health insurance has increased 351% since the program was implemented in 1997. Combined revenues from the Covered Lives Assessment and the HCRA surcharge have risen from \$1.2 billion in 1997 to \$3.5 billion in 2009.

In the proposed 2010-11 Executive budget, the HCRA surcharge of 9.63 percent - currently applied to hospital services - would be expanded to cover surgical and radiological services effective October 1, 2010. If enacted, this expansion would generate approximately \$100 million in additional revenue.