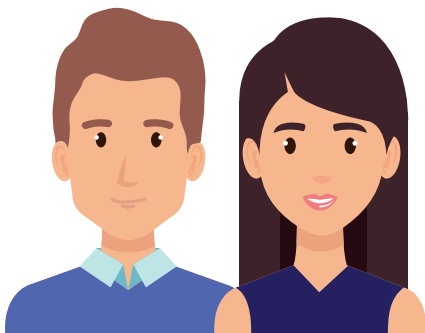
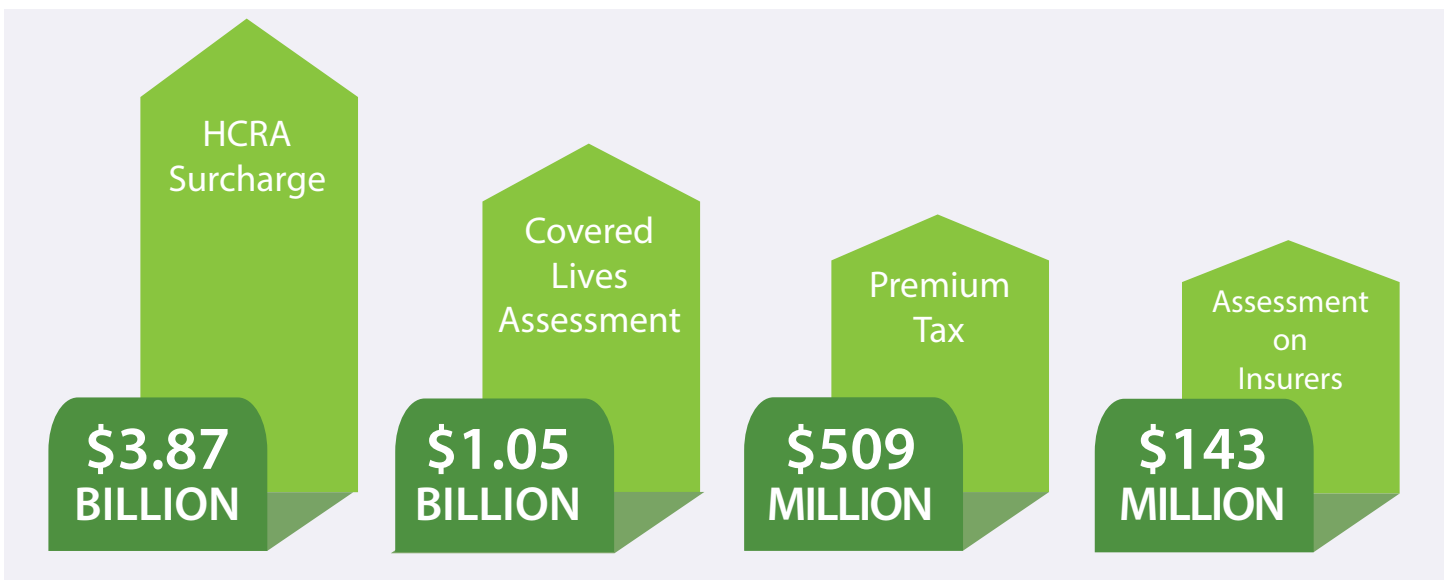


New York State's Skyrocketing Taxes on Health Care

New York State taxes on private health insurance in 2020:

\$5.57 BILLION

Source: NYS Department of Financial Services, NYS Department of Health, FY 2021 Financial Plan Quarterly Update.



As the state increases taxes, health plans are forced to pass those costs down to employers and individuals through their premiums.

Premiums saw a 6-9% increase as a result.

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HCRA Surcharge

A surcharge created by the Health Care Reform Act (HCRA) of 1996 is collected from health plans in the form of a sales tax on certain hospital-based health services. The surcharge was originally designed to help reimburse hospitals for losses incurred by bad debt and charity care. Today, it is used for a variety of general fund purposes. The surcharge applies to members of a self-insured or fully insured health plan. The initial rate of the surcharge was 8.18 percent in 1997 and yielded \$517 million. The current rate is 9.63 percent, and yielded **\$3.875 billion** in 2020.

Covered Lives Assessment

The CLA is an annual flat surcharge (or tax) on all privately insured people in the state. Health plans are assessed according to the number of people they cover. The assessment is included in the individual and family premium and varies by the insured's residence. When it was initiated in 1996, the covered lives assessment was intended to pay for graduate medical school expenses. Increasing sums generated by the tax have been used for general fund obligations. In 2020, New Yorkers with private health insurance will pay approximately **\$1.05 billion** to the state for the covered lives assessment.

Premium Tax

A 1.75 percent tax is applied to premiums paid by those with commercial health insurance policies. The revenue from these for-profit insurers goes to the state treasury's general fund. In 2020, the premium tax raised an estimated **\$509 million**.

Assessment on Insurers

A Section 206 assessment (formerly, 332 assessment), was established to finance the then New York State Insurance Department operations. It applies to all licensed insurers in the state (e.g., life, property and casualty, and health) and is based on premiums paid in New York State. Section 206 assessments do not apply to third-party administrators, out-of-state insurers or self-funded health plans. In 2020, New Yorkers with private health insurance paid approximately **\$143 million** to finance the New York State Department of Financial Services.



Personal Income Tax



Sales and Use Tax



Tax on Private Insurance



Among all of the taxes collected by New York State, **taxes on private health insurance rank third highest!**

*Source: NYS Department of Financial Services, NYS Department of Health, FY 2021 Financial Plan First Quarterly Update. *Insurance taxes do not include an estimated \$509 million collected through a 1.75 percent premium tax on commercial health insurers.*

How High Have Taxes on Private Insurance Risen Over the Last 20 Years?



** Increase includes projected tax collections for 2020*

Source: Data supplied by the New York State Enacted Budget Financial Plans and New York State Department of Financial Services.

Among all business taxes levied by the state, the taxes imposed on the privately insured rank as the **single largest business tax in New York!**



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