

# New York State's Skyrocketing Taxes on Health Care

NEW YORK STATE TAXES  
ON PRIVATE HEALTH  
INSURANCE IN 2021:

**\$5.2  
BILLION**

Source: NYS Department of Financial Services,  
NYS Department of Health, FY 2022 Financial  
Plan Mid-Year Update.

**\$3.52  
Billion**

HCRA Surcharge

**\$1.1  
Billion**

Covered Lives Assessment

**\$502  
Million**

Premium Tax

**\$145  
Million**

Assessment  
on Insurers

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.**

Tax on Private Insurance

**\$5.2B**

Sales and Use Tax

**\$14.1B**

Personal Income Tax

**\$54.9B**

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 2022 Financial  
Plan Mid-Year Update

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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 **\$3.52 billion** in 2021.



## Covered Lives Assessment

The Covered Lives Assessment (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 CLA was intended to pay for graduate medical school expenses. Increasing sums generated by the tax have been used for general fund obligations. In 2021, New Yorkers with private health insurance will pay approximately **\$1.1 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 2021, the premium tax raised an estimated **\$502 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 2021, New Yorkers with private health insurance paid approximately **\$145 million** to finance the New York State Department of Financial Services.

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

HCRA Surcharge

**571% Increase**

Covered Lives Assessment

**161% Increase**

Assessment on Insurers\*

**190% Increase**

\* Increase includes projected tax collections for 2022

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 those with private health insurance rank as the

**SINGLE LARGEST BUSINESS  
TAX IN NEW YORK!**

