



# MEMORANDUM IN OPPOSITION

FOR IMMEDIATE RELEASE: January 21, 2009

Re: Executive Budget Proposal.

90 State Street • Suite 825  
Albany, NY 12207-1717  
518.462.2293  
Fax: 518.462.2150  
www.nyhpa.org

As does the rest of the nation, New York is facing difficult economic times. However, Governor Paterson’s proposal to plug its state budget deficit imposes almost \$700 million in increased taxes on health insurance premiums. The New York Health Plan Association (HPA) and its members strongly urge lawmakers to reject these tax increases.

The governor’s proposals increase and expand various “assessments,” “surcharges” and taxes as well as shift the costs of broad public health programs onto the cost of private insurance. These assessments and surcharges are tax increases plain and simple. New Yorkers already pay 4% of the cost of their premiums for state taxes. This will make a bad situation worse.

HPA opposes all of the governor’s health insurance taxes:

	<u>Tax Total</u>
1. Premium tax increase from 1.75% to 2%	\$ 62 million
2. Section 332 tax assessments (\$374 million total X 40% health insurance share)	\$150 million
3. Third party administrator tax \$1/claim	\$ 63 million
4. HCRA Covered Lives Assessment increase	\$240 million
5. Patient Service Assessment increase 8.95 to 9.63%	\$126 million
6. Expand Patient Service Assessment to Physician Office Surgery	\$ 50 million
<b>New Tax Total</b>	<b>\$691 million</b>

The governor’s proposals will substantially increase costs for families and businesses at a time when New York should be focused on how to lower health care costs and expand access to affordable quality health care.

HPA and its member plans have long supported efforts to expand access to health care coverage for more New Yorkers and partnered with the state to help achieve this goal. Businesses and families who currently struggle to pay for health insurance cannot afford \$700 million in new taxes. Adoption of these regressive taxes will cause more New Yorkers to be uninsured.

To keep health insurance affordable and accessible lawmakers should reject these tax increases.

*The New York Health Plan Association represents 27 managed care health plans that provide comprehensive health care services to nearly 7 million New Yorkers.*