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## Health Insurance Tax

“New York State should be focused on making healthcare more affordable and accessible, not compounding its astronomical cost by taxing insurers who pass their costs on to policy-holders – further hurting businesses and families,” said Assemblyman Marc Molinaro (R,C,I-Red Hook). “This state should be taking greater steps to help the nearly two million uninsured residents, who go without health care, to get the coverage they so desperately need.”

Molinaro recently blasted a state-mandated tax increase on health insurers under the Covered Lives Assessment, which will be passed on to health policy consumers including families, businesses, and municipalities. At the end of 2008, the Governor’s Deficit Reduction Plan (DRP) increased the assessment from \$920 million to \$1.04 billion. This \$120 million increase will result in average annual premiums rising between \$100 and \$400 according to the Health Plan Association.

“As a town supervisor during difficult economic times, I understand the challenges communities across this state are facing when it comes to balancing their books,” said Supervisor John Hickman (R-East Fishkill). “The increase in Covered Lives Assessment makes matters worse. Astronomical health insurance costs are once again rising, making us wonder how we will balance essential services with appropriate health coverage for our town employees. The state needs to understand that taxes like this are ultimately passed on to consumers. These taxes do nothing more than further harm our already-struggling economy.”

Health care has been among the hardest hit industries in New York State throughout the recession. The Covered Lives Assessment is retroactive through the 2008-09 state budget cycle and went into effect on January 1, 2009. Other hits to the health care industry took effect on April 1, 2009. These include a 35 percent tax placed on gross receipts of all home care provider revenues and an extended Covered Lives Assessment that applies to health insurers domiciled in the state.

“This is yet another example of the legislative leaders and the Governor attempting to take blood from a stone,” said Molinaro. “During an economic downturn, taxpayers cannot afford to pay for government waste and inefficiencies. We need to take drastic steps to reduce the state’s spending addiction by consolidating services, eliminating superfluous commissions, and trimming back on wasteful expenses. Now is the time to take these measures and protect businesses and families who are leaving in droves simply because they can no longer afford to call New York home.”

The Covered Lives Assessment first was implemented in 1997 with a cost of \$665 million and is the major funding stream for New York State Health Care Reform Act (HCRA). HCRA governs hospital reimbursement rates, the Elderly Pharmaceutical Insurance Program (EPIC), Child Health Plus, as well as health care initiatives in nursing homes and hospitals. The costs associated with the Covered Lives Assessment has risen \$339 million, or 48 percent, in the past twelve years.



Assemblyman Marc Molinaro