



MEMORANDUM

ICYMI—In Case You Missed It

Date: January 22, 2018
To: New York State Senate and Assembly
From: New York Health Plan Association
Re: ICYMI – New York Post Editorial

The New York Post editorial yesterday asked a valid and very important question: **Does Gov. Cuomo have a beef with the health-care industry — or does he just see it as a well of limitless cash?**

New York Post, Sunday, January 21, 2018 nypost.com

POSTSCRIPT Editorial

NEW YORK POST

AMERICA'S OLDEST CONTINUOUSLY PUBLISHED DAILY NEWSPAPER

Sick At-tax on Health Care

Does Gov. Cuomo have a beef with the health-care industry — or does he just see it as a well of limitless cash?

It's a fair question, because in his new budget, Cuomo repeatedly singles out the industry for tax hits. And they're not even likely to solve New York's budget woes.

For starters, he wants a cut of the proceeds from converting nonprofit health insurers to for-profit companies. He's expecting \$750 million annually for four years.

Yet, as Citizens Budget Commission President Carol Kellermann notes, the switchovers may never happen, or may not generate the hoped-for dough. Plus, the state's using the money to cover outlays that don't stop in four years. So the same budget hole will return then.

Then there's his 14 percent tax on profits by insurers — who, he argues, "just got a 40 percent windfall profit" from federal tax reform. So it's "totally justifiable to have a [state] tax to recoup part of their windfall benefit." Translation: If Uncle Sam hands out tax savings, New York wants part of it.

Yet the gov spares non-health firms from that 14

percent tax. True, he hits *all* businesses by denying them various existing tax credits through 2020. (Hey, they "got a 40 percent tax cut.") But they should consider themselves lucky compared to insurers.

Here, too, New York will see a shortfall by 2021 when the credits phase back in (and when Cuomo hopes to move into the White House).

Finally, the gov wants to tax opioid-based drugs, supposedly to pay for "prevention, treatment and recovery services." But as the Empire Center's Bill Hammond notes, spending for such services is slated to remain mostly flat. In fact, he says, the new revenue will cover Medicaid costs that have soared, thanks in large part to Cuomo's spike in the minimum wage — which will cost the state an extra \$703 million in the coming year, or 2½ times the level projected when the gov hiked the minimum in 2016.

And if all of Cuomo's budget gimmicks and tax hikes aren't alarming enough, Hammond has more bad news: The side effect from all this will be to "drive up the cost of private insurance." New Yorkers always pay in the end.

With the state facing a budget deficit of as much as \$4.4 billion, the Governor's budget proposal would impose new taxes, assessments, fines and penalties on health plans of more than \$1 billion — fully one quarter of the budget gap. While we recognize the significant fiscal challenges facing the state, "fixing" the state's budget should not fall largely on just one industry.

As you begin this year's budget discussions, the New York Health Plan Association (HPA) calls on you to be fair and balanced. We look forward to working with lawmakers to help ensure New Yorkers have access to quality, affordable health care.