



MEMORANDUM

ICYMI—In Case You Missed It

Date: March 19, 2018
To: New York State Senate and Assembly
From: New York Health Plan Association
Re: ICYMI – Syracuse Post Standard Editorial

The Syracuse Post Standard editorial this weekend called Governor Cuomo's proposed 14% tax on health insurers "punitive and unfair," and made several good points for why the Legislature should reject it as well as several other provisions in his original spending bill that are no longer necessary.

NYS budget: Say 'no' to Cuomo's money grab from health insurers (Editorial)

Updated Mar 16; Posted Mar 16

By Editorial Board

Gov. Andrew Cuomo, under the guise of bracing for the impact of federal cuts to health care spending, proposes a 14 percent tax on New York health insurers in his 2018-19 budget. The governor reasons that health plans can afford it because Congress just cut their federal tax rates by the same amount.

The tax unfairly burdens one industry, raises the cost of health care and, worst of all, is unnecessary.

Cuomo wants to put the \$140 million collected through the tax into a "health care shortfall fund" to fill any holes created by the Trump administration. Except there aren't any holes to fill. Congress already restored funding for the Children's Health Insurance Program, for hospitals that care for a disproportionate number of indigent patients and for community health centers.

The tax would be on top of the \$5 billion in other health insurance taxes the state collects. That raises health care costs for employers and policyholders. The state's punitive health care taxes discourage insurers from expanding in the state or locating here, and raise the cost of doing business in New York state for everyone else.

The governor also is counting on \$750 million in revenue from nonprofit health plans that convert to for-profit plans. With only one health plan contemplating a conversion, that is a risky assumption, according to a new analysis by the Citizens Budget Commission.

Health insurers are a key component in the delivery of health care in New York state. The governor's proposed 14 percent tax on their earnings is punitive and unfair.

As you continue your work towards finalizing the new state budget, we ask that you remain steadfast in rejecting the 14% tax on health insurers.