FOCUS ON HEALTH CARE COSTS

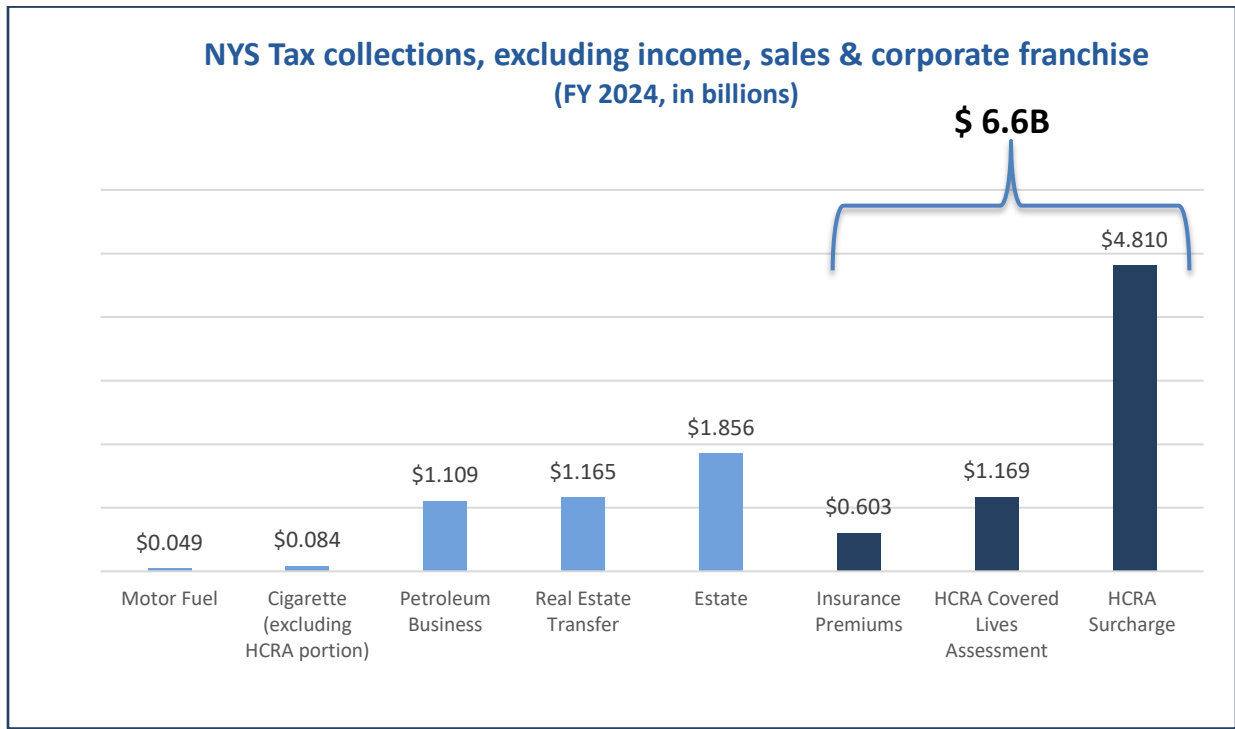**TIME for AFFORDABILITY**

Health Care Taxes Increase Health Insurance Costs and the Burden on New Yorkers

While the prices providers and drug companies charge are the major factors driving premium increases, taxes on health insurance are another significant driver of high health care costs. New York currently collects nearly $6.6 billion annually in taxes on health plans. This includes:

- More than $6 billion is collected annually through Health Care Reform Act (HCRA) patient services assessments, a tax on inpatient and outpatient hospital charges as well as numerous other health care services, and covered lives assessments, a sales tax placed on every policy sold in New York State;
- A 1.75% premium tax on commercial health insurance policies that is directed to the general fund; and
- Section 206 "assessments" that fund the Department of Financial Services' operations.

By the Numbers

Taxes on private health insurance are the fourth-largest source of state revenue, behind sales, personal income, and corporate franchise taxes. These taxes raise the cost of insurance and apply to every entity providing coverage including employers, union benefit funds, and consumers purchasing in the individual market.

NYS Tax collections, excluding income, sales & corporate franchise
(FY 2024, in billions)

$ 6.6B

Motor Fuel	Cigarette (excluding HCRA portion)	Petroleum Business	Real Estate Transfer	Estate	Insurance Premiums	HCRA Covered Lives Assessment	HCRA Surcharge
$0.049	$0.084	$1.109	$1.165	$1.856	$0.603	$1.169	$4.810

The Bottom Line

Taxes on health insurance add well over $1,000 to premiums annually to the average family policy – without any added benefits or increased quality of care.