Small Group HCRA Elections

LOCAL BUSINESS RELIEF COALITION

Reduce the Burden of HCRA Taxes for Individuals and Local Businesses

Since 1996, New York has levied two taxes on health insurance, known as the Health Care Reform Act Taxes (HCRA). In 2024, HCRA taxes reached $7.4B, with $4.8B in surcharges, $1.1B in covered lives and $1.5B in other funding. In 2020, HCRA's insurance taxes added approximately $440 per person to the annual cost of private health coverage, or $1,760 for a family of four. HCRA's insurance taxes make no adjustment for ability to pay, hitting local businesses, working- and middle-class New Yorkers just as hard as the wealthy.

Source: https://www.empirecenter.org/wp-content/uploads/2020/03/HCRA-2020-Final.pdf

Funding for HCRA was originally meant to subsidize graduate medical education and compensation for free care provided to the uninsured and indigent.

Lawmakers later added the following uses for HCRA money:

- **Family Health Plus (low-income parents)**
- **Healthy New York (small businesses and the self employed)**
- **Child Health Plus (low-income children)**
- **Elderly Pharmaceutical Insurance Coverage or EPIC (low-income elderly)**

Most of the programs that HCRA was meant to support have either been fully or partially replaced by federal funding. Likewise, indigent care expenditures have been decreasing as New York moves towards universal coverage. **Yet the HCRA taxes enacted to support those programs have gone up, not down.**

Exempting small group and individual market insurers from HCRA surcharges, or alternatively, defining such insurers as government payers, who pay a lower rate, would provide substantial relief to those markets. Likewise, exempting small group and individual market insurers from the covered lives assessment would provide premium relief from 0.1% to 2.2%, depending on the region, with an average premium reduction of 0.875% across the State.

Modifying the HCRA taxes for the small group market would put money back in the pockets of local businesses and their employees.