



NEW YORK STATE SENATOR

Thomas P. Morahan

How the Deficit Reduction Package increases the uninsured

THOMAS P. MORAHAN May 5, 2009

It is unfortunate that the New Senate Majority rejected an amendment sponsored by the Senate Minority that would have reduced skyrocketing health care costs in New York, ensuring that affordable health coverage will continue to remain out of reach for many small businesses, New Yorkers and their families.

The amendment would have rolled back the ill-advised "health insurance tax," approved last month as part of the so-called "Deficit Reduction Package" (DRP). The \$240 million increased assessment on insurance companies raised the cost of health insurance premiums for families, individuals and businesses to unprecedented levels. The tax hike was passed as a result of unanimous support of the New Majority.

The New Majority "health insurance tax" will impact New Yorkers from every corner of the State by raising the cost of both individual and family health insurance coverage, in some cases up to \$200 more a year.

According to the New York State Insurance Department, small business health premiums have already increased an average of 13.5% annually since 2000.

At a time when the Federal government and many States are seeking to find innovative ways to make health care insurance more affordable, the Governor along with the New

Senate Majority have maintained the status quo and hiked health care taxes even though New Yorkers can't afford it. Today, given the opportunity to rescind these dangerous new taxes, they have refused to do the right thing. Our amendment would reduce health care costs and benefit every family in New York State.

In addition to defeating the roll back of the health insurance tax, the New Senate Majority blocked a move by the Senate Minority to do away with a number of new assessments that will increase premiums and negatively affect a number of rural and community hospitals throughout New York, including Orange and Rockland Counties.

Our amendment would have eliminated the new HCRA surcharge on patient services from 8.95% to 9.63%, as well as a new \$107 million tax on for profit HMOs.

In total, the new insurance taxes in the Budget amount to more than \$801 million, which will significantly increase every single health insurance premium written in New York State next January.

The high cost of providing health insurance to employees is a primary concern of individuals and small businesses alike. By voting against the amendments offered by Senate Minority today, the New Senate Majority effectively raised the health insurance rates for families, individuals and businesses across the state by as much as \$400 a year in the Hudson Valley and \$700 in New York City. All this will do is increase the uninsured in New York.