



March 7, 2011

Senate Majority Leader Dean Skelos
909 Legislative Office Building
Albany, NY 12247

Dear Senator Skelos:

As a diverse coalition of taxpayer and business groups, we write to express our opposition to the health insurance tax contained in part H of the Health and Mental Hygiene Article VII bill (S. 2809-B/A. 4009-B).

The new tax, which is to be implemented at the option of the Commissioner of Health, would impose a 9.63 % levy on all radiology services and surgeries provided outside of a hospital setting. This tax was originally recommended as Proposal #264 by the Medicaid Redesign Team (MRT), but has nothing to do with reforming Medicaid, and in reality is a tax increase that unfairly targets every New Yorker with private health insurance.

The proposed tax will add 1-2% to the cost health care premiums, making health coverage increasingly unaffordable for the individual taxpayer with insurance coverage and the businesses that provide coverage to its employees.

Increasing state taxes on health insurance will force individuals to drop coverage – ultimately increasing Medicaid costs as private health insurance is dropped, which will push more individuals on to the Medicaid rolls. Perversely, as the MRT is seeking to reign in Medicaid costs, this tax will ultimately result in escalating Medicaid costs.

The State of New York leads the nation in “hidden” health insurance taxes. The New York taxpayers with private health coverage pay more than \$4.1 billion in state health insurance taxes. These taxes are more than double the next nearest state. While there are no revenues booked for this tax in 2011, when implemented in 2012 it is projected to add an additional \$100 million.

This tax has been proposed in the past but has been routinely rejected by the Legislature. We strongly urge that the Senate to once again reject this tax.

We need a commonsense path to repair New York’s economy. It is imperative that we focus efforts on innovative ideas that will cut costs and improve the efficiency and quality New York’s Medicaid program without adding to the burden on taxpayers.

Sincerely,

Unshackle Upstate, NFIB of NY, The Manufacturers Association of Central New York, Rochester Business Alliance, Greater Binghamton Chamber of Commerce, North Country Chamber of Commerce, Albany-Colonie Regional Chamber of Commerce, The Chamber of Schenectady County, The Otsego County Chamber and the Chamber Alliance of New York State

CC:

Members of the New York State Senate