

**AX the
Healthcare Tax!**

The
Employer Alliance
for Affordable Health Care



March 2018

MEMORANDUM IN OPPOSITION

Bill Number: S.7509/A.9509 (Revenue Article VII Bill) Part DD Health Insurance “Windfall Profit” Tax

This proposal, included in Governor Andrew Cuomo’s 2018-19 budget, includes a \$140 million tax hike that targets private health insurers and would increase small business health insurance premiums.

WE OPPOSE THIS MEASURE FOR THE FOLLOWING REASONS:

- The proposal would cause undue harm to this state’s small business population. Experience shows that any type of industry assessment is passed on to consumers and will exacerbate the challenge small businesses face in finding affordable coverage options for their employees. In this case, small businesses, who are already feeling the impact of 2018 rate hikes (which averaged between 9 and 14 percent), would disproportionately bear the brunt of this assessment. Moreover, these increased costs would provide no tangible healthcare benefits to our employees.
- New York’s small businesses are credited for creating 2.7 million jobs statewide and these businesses play a critical role in the state’s economy. However, rapidly rising health care costs stymie their ability to create jobs, invest in their companies and, ultimately, improve the state and local economies. Small employers are regularly forced to make difficult choices between business growth and employee benefits in order to account for rising premiums. Increasing taxes on the cost of insurers will make those choices even more difficult.
- It is unnecessary. The Senate has already deemed this tax as unnecessary and identified \$1.5 billion in existing revenue that could be used to offset New York’s budget shortfall.
- New York already has the designation as the second costliest state for employer sponsored coverage. There’s no need to make us number one.
- Lawmakers should focus on reforming state programs before considering new taxes and assessments.

For these reasons we ask that you REJECT S.7509/A.9509 & AX THE TAX!

The Employer Alliance for Affordable Health Care is the largest, single-issue grassroots coalition in New York State. Our members include more than 3,100 small business owners and sole proprietors representing more than 200,000 working New Yorkers.