



July 1, 2024

The Honorable Kathy Hochul
Governor of New York State
NYS State Capitol Building
Albany, NY 12224

Dear Governor Hochul:

On behalf of a broad group of organizations representing employers that are committed to ensuring access to quality and affordable health care for employees, we are once again writing to you regarding the Medicaid Investment Fund that was including in the FY 2024-25 State Fiscal Budget. We are deeply concerned that the creation of a new tax on managed care organizations and commercial health insurance will ultimately result in rate increases on employers and employees throughout New York.

As the State works with the Centers for Medicare & Medicaid Services (CMS) to obtain the necessary waivers to enact the taxes associated with the Medicaid Investment Fund, it is important to keep in mind that we as employers are already under the heavy burden of existing surcharges and assessments on health insurance collected under the Health Care Reform Act (HCRA) that add nearly \$6.5 billion to the cost of coverage - adding seven to fourteen percent to premiums for the average family policy.

Controlling rising health care costs is one of the very top issues for employers and New York's health care taxes already far exceed national averages. Adding a new tax on top of the already exorbitant HCRA assessments exacerbates the challenge employers, particularly small businesses, face to make high-quality, affordable coverage available, increasing premiums for every individual, family and employer buying a policy in New York.

This is why, we ask that whatever outcome results from CMS's decision on a waiver for the establishment of a Medicaid Investment Fund and its associated taxes, that commercial health insurance and ultimately the businesses and New Yorkers who pay health insurance premiums, be held harmless and see no increases from any tax increase. We believe that there are several mechanisms that could be utilized, such as offsets on the taxes on commercial insurers, utilizing Essential Plan surplus funds or other subsidies to ensure that commercial health insurance is not burdened with any new tax.

We know that you are sensitive to the needs of New Yorkers to refrain from raising taxes and making the cost of doing business in the State even more expensive. This is why we ask that you ensure that the Medicaid Investment Fund does not negatively impact privately purchased health care coverage.

Sincerely,

The Business Council of New York State
Partnership for New York City
Associated General Contractors of NY State
Buffalo-Niagara Partnership
The Business Council of Westchester
Big I New York
Chamber Alliance of NYS
Capitol Region Chamber
Food Industry Alliance of NY
National Federation of Independent Businesses-NY
NYS Conference of Blue Cross and Blue Shield Plans
National Association of Benefits and Insurance Professionals
– New York State

Albany Gastroenterology Consultants
Capital District Transportation Authority
Fehr Bros.
Brown & Brown Insurance
HMS Agency
Marshall & Sterling
The Reis Group
Ryan & Ryan
The Ten Eyck Group
Wyndham Benefits LLC
Upstate United
Northeast Dairy Foods & Suppliers Associations