



March 8th, 2009

“Governor David Paterson’s \$1 Health Care Claim Surcharge goes in the opposite direction of the Obama Administration’s Health Care for All Campaign, and will hurt union members, small businesses, and taxpayers,” charged a coalition led by the **New York State AFL-CIO** and **BALCONY**.



The broad based coalition of unions, insurers, businesses, and third party administrators (TPAs) called on the Governor to “Deep Six” his surcharge plan and urged all those who submit health care claims to call Paterson at (877) 255-9417 immediately and protest. Click here for the NYS AFL-CIO action [flyer](#).

The Third Party Administrator Claims Handling Tax is a \$1 tax fee proposed by the Paterson Administration in the 2009-2010 New York State Budget for every medical, dental, or vision claim or prescription drug benefit over \$20. The New York State Budget must be approved by the New York State Assembly and State Senate and signed into law by Governor Paterson by April 1, 2009.

Art Wilcox, Public Employee Director of the New York State AFL-CIO, stated that the provisions of the tax which will cost union members at least \$63 million in 2009, and more than \$120 million in 2010. Wilcox indicated that the tax would be even higher than the original estimate since it does not include any prescription drug purchase and refill. Wilcox further reports that the total health insurance new taxes in the Paterson budget,

including the Covered Lives Assessments approved in the Deficit Reduction Plan, is nearly half a billion dollars.

At an emergency meeting in New York City on Thursday March 5th, more than **forty BALCONY** members, union leaders, fund administrators, health care insurance representatives (including the [New York Health Plan Association](#)), third party administrators, pharmacy benefit managers, dental providers, and investment advisors, agreed that the Paterson Health Care Claims Tax would have dire consequences on working families and union members.

“The administration has almost a half billion dollar per year hidden and concealed taxes on health insurance participants. The \$1 Health Care Claim Surcharge and other taxes are totally counterproductive to the spirit of President Obama’s plans for Affordable Health Care for All,” stated **BALCONY** Co-Chair **Alan Lubin**, Executive Vice President of NYSUT. “We must not balance the state budget on the backs of working men and women.”

Albany Lobbyist **Richard Winsten**, of Meyer Suozzi, English & Klein, who represents many labor/management and other self-insured union benefit funds, to oppose the Governor’s TPA tax plan stated, “Union members and self-insured funds will be adversely impacted by the ill-conceived proposal which must be rescinded by the governor and or killed by the legislature.”

According to one estimate provided by **Lucas Paul** of SEIU Local 32BJ Health Fund, each member of his union would be forced to pay a tax of least \$140 more per year, totaling more than \$2.1 million for the entire 32BJ union membership.

The following are the proposed charges and assessments and their estimated effect on 32BJ after an analysis of the 32BJ Health Fund in 2009. [Read the SEIU Local 32BJ memo.](#)

<i>All Claims</i>	<i>Cost</i>
Medical	\$1,470,916
Prescription	\$500,916
Dental	\$147,055
Vision	\$14,004
Total	\$2,132,891

A representative of the insurance industry who also opposes this measure encouraged **BALCONY** members to organize against it, because the opposition can only be successful if it becomes widespread, and its reasons well understood. Other TPAs in attendance suggested that such a tax, applicable even to out-of-state claims if the TPA is based in New York, would drive these businesses to neighboring states.

The alternative, **avored by the New York State AFL-CIO**, to the Paterson \$1 Health Care Claim Surcharge is to tax businesses that refuse to provide health care for their employees, instead of piling additional fees upon those that are already complying with the widely-felt mandate for affordable health care for all that has become a centerpiece of the Obama Administration.

There was widespread agreement in the room that alternatives to the Governor's plan must close the existing shortfall. The "uncovered lives" tax is the most equitable way to accomplish this, and pushes New York State closer to its desired goal, the provision of affordable health care for each and every citizen.

BALCONY, the Business and Labor Coalition of New York, represents more than 1000 businesses, labor unions, trade associations, non profits, and advocacy organizations. **BALCONY** is a public policy coalition which seeks common ground on key issues in New York.