

## The NYS Surcharge

The NYS Surcharge, also known as the **New York State Health Care Reform Act (HCRA)** surcharge, is a state mandate that adds to hospital bills in New York. Essentially, it's a tax on hospital services, collected by hospitals and paid to the New York State Department of Health. The surcharge applies to different types of insurance, including Medicaid, self-funded plans, and HMOs. The HCRA surcharge was implemented to help fund care for uninsured or underinsured patients and other public health initiatives in New York State that will hopefully enhance the quality and accessibility of healthcare services for all New York residents. HCRA is a prominent component of New York's healthcare financing laws, which govern hospital reimbursement methodologies and target funding for a multitude of healthcare initiatives.

Generally, the surcharge is passed along to the patient or their insurance company. Some insurance carriers may choose to pay the surcharge on behalf of their members, but this varies by carrier. As for the financial impact on patients, the surcharge may increase the amount they owe, but it cannot increase their total out-of-pocket liability beyond the maximum fixed dollar deductible. It would be prudent for group health plan sponsors to make sure they are aware of the HCRA rates and surcharges applicable to services at designated facilities and consult with their carriers or third-party administrators for more information.

### Core elements of HCRA include:

1. Hospital Reimbursement: HCRA transitioned from state-set hospital billing rates and allowed for the negotiation of service prices between hospitals and insurance providers, affecting how hospitals are funded.
2. Indigent Care Pool: The act established pools to fund care for indigent patients, helping hospitals cover the costs associated with providing uncompensated or undercompensated care to uninsured or underinsured individuals.
3. Public Health Programs: HCRA helps to invest in public health initiatives and services that promote overall health and well-being across the state, including tobacco control, early intervention services for children, and programs focused on maternal and child health.
4. Insurance Assessments: Funding for many HCRA initiatives comes from surcharges and assessments on health insurance plans and payments made to hospitals and other providers.

Since its initial passage in 1996, the HCRA has been subject to amendments and reauthorizations. These changes reflect ongoing adjustments in state health care policy and priorities.

Some other important items to note:

### Reporting:

Payors (insurance companies) must report their surcharge payments to the NYS Department of Health, either monthly or quarterly.

### Exemptions:

Some services are exempt from the HCRA surcharge, such as laboratory services where the testing is performed on samples drawn or collected outside the state of New York.

### Different rates:

For services rendered through December 31, 2026, electing payors (those who choose to pay the surcharge directly to the state's Public Goods Pool) pay a lower rate (currently 9.63%) than non-electing payors (who pay the surcharge to the provider), who will pay an additional 28.27%, for a total of 37.9%.

### Regional variations:

The HCRA surcharge also includes regional assessments (GME rates) predicated on where the hospital services are provided, leading to further variations in the amount of the surcharge.

**\*\*It is important to note the following:** Because the HCRA program wants to disseminate information in a timelier manner, it will, whenever possible, communicate information to payors, TPAs, and providers via email. Thus, it is critical that you keep your email addresses current. If you do not have a current email address on file or if you need to revise your email address, this information can be completed through the "Maintain Email Addresses" option available on the **Office of Pool Administration (OPA)** website, accessible at the following link: [www.hcrapools.org](http://www.hcrapools.org)

Lastly, here is a link to the pertinent FAQs on the **New York State Department of Health** website: [www.health.ny.gov/regulations/hcra/questions/faq/allqa.htm](http://www.health.ny.gov/regulations/hcra/questions/faq/allqa.htm)