

Law & Policy Group

GRIST



New York announces 2024 HCRA covered-lives assessment rates

By Rich Glass and Dorian Z. Smith
Jan. 3, 2024

In this article

[Regional GME CLA/percentage surcharge differences](#) | [Indigent care surcharge](#) | [Dental services](#) | [Employer considerations](#) | [Related resources](#)

New York's Department of Health (DOH) has posted the [2024 regional covered-lives assessment](#) (CLA) rates and percentage surcharges for graduate medical education (GME) under the state's Health Care Reform Act (HCRA). The HCRA imposes an annual CLA — based on the number of covered individuals (and families) who live in New York — on “electing” health claim payors, including self-funded plans. The state lets payors “elect” to pay the CLA per covered individual directly to the state's Professional Educational Pool. Nonelecting payors are not subject to the annual CLA but may incur significantly higher GME percentage surcharges on certain in-state hospital expenses. The annual GME CLA/percentage surcharge, along with an indigent care surcharge, are two distinct payments imposed by the HCRA.

Regional GME CLA/percentage surcharge differences

The GME CLA rates and percentage surcharges vary among eight regions, and the applicable rate depends on where the covered individual resides or receives in-state hospital care.

Electing payors. New York City continues to have the highest annual CLA for electing payors: \$189/individual with self-only coverage and \$623.69/individual with family coverage. The lowest CLA (\$10.25/self-only, \$33.84/family) continues to apply in the 11-county Utica/Watertown region. Seven of the eight regions (except the self-only coverage rate for the eight-county Western region) saw a rate decrease from [prior levels](#).

Nonelecting payors. The GME percentage surcharge that nonelecting payors pay directly to in-state hospitals where covered individuals incur certain expenses also varies by region. For example, the 2024 GME percentage surcharge on specified expenses reaches a high of 27.28% for a New York City

hospital and a low of 2.25% in the Utica/Watertown area. These nonelecting-payor GME percentage surcharges have not increased since 2006.

As a result, a covered individual with self-only coverage who lives in New York City will cost an electing payor \$189 for the year whether that person incurs no or significant in-state hospital charges. Electing and nonelecting payors with no covered New York state residents do not owe any CLA. However, if a covered individual incurs a \$100,000 bill for New York City hospital services subject to the GME percentage surcharge, a nonelecting payor will owe a total of \$127,280 — minus any applicable participant cost sharing — for that hospital bill with the surcharge.

Conversely, an electing payor in the above example does not owe any GME percentage surcharge, but instead owes a CLA only to the extent the payor has covered New York state residents. Since electing payors with no covered employees residing in New York do not owe a CLA, out-of-state plan sponsors with no (or few) covered New York residents may want to consider becoming an electing payor to avoid uncapped and unpredictable GME percentage surcharges and reduce the indigent care surcharge described below.

Indigent care surcharge

Under the HCRA, health claim payors — including self-funded health plans — must also pay an indigent care surcharge for New York hospital inpatient and outpatient services, comprehensive diagnostic and treatment centers, and ambulatory surgery centers. This surcharge applies even if the patient resides or the employer or group health plan is based out-of-state.

For services delivered from [April 1, 2009, through the end of 2026](#), the surcharge is 9.63% for electing payors that pay this expense to the Public Goods Pool and an additional 28.27% (or a total of 37.9%) for nonelecting payors that pay the surcharge to providers. If services are also covered by the GME CLA, this surcharge will be added to the nonelecting payor's bill. So a \$100,000 New York City hospital bill with a 27.28% GME percentage surcharge plus a 37.9% indigent care surcharge could result in a total bill of \$165,180 for the hospital services and both surcharges.

Dental services

While dental coverage is considered “health coverage” under the HCRA, the CLA and surcharges apply only to services received at an HCRA-designated facility, such as a New York hospital or surgical center. Dental procedures that take place in a dentist's office are usually exempt from the GME CLA/percentage surcharge and indigent care surcharge. So a typical employer-sponsored stand-alone dental plan normally does not trigger HCRA costs.

However, as noted in the [NY HCRA FAQs](#) (unchanged since 2022), when an HCRA-designated provider performs dental services, the GME and indigent surcharges apply at rates based on the third-party payor's election status. Designated providers include general hospitals, their extension clinics, and diagnostic and treatment centers providing comprehensive primary care or ambulatory surgical services.

While most dental care typically occurs in stand-alone dentist offices, a dentist office owned by an HCRA-designated facility might be viewed as an extension clinic, subject to the HCRA. Various DOH-maintained databases (current as of Nov. 1, 2023) — such as the [Extension Clinics for Hospitals, Comprehensive Clinics](#) and [Extension Clinics for Diagnostic & Treatment Centers](#) — include numerous dental facilities.

Employer considerations

Keep in mind that the HCRA only applies to fully insured and self-funded medical and dental plans. An [FAQ](#) confirms that HCRA rates do not apply to health flexible spending arrangements, health reimbursement arrangements or health savings accounts.

DOH-designated electing payors have the option to file either monthly or annual Public Goods Pool reports and payments. Monthly filers' reports and payments must be received by DOH no later than the 30th day after the covered month ends (or the next business day if the 30th day is a weekend or holiday). Annual filers' reports and payments for the prior covered year (again, subject to weekends and holidays) must be received by DOH by Jan. 30 (i.e., by Jan. 30, 2025, for the 2024 covered year). Late reports and payments will result in penalties and interest. This filing obligation exists even if the electing payor has no activity to report.

Even if no employees reside in New York, the surcharges apply to any health or dental services rendered at an HCRA-designated facility.

Example. Jim's and Joyce's employer, STU Co., is a nonelecting payor. Jim resides in Connecticut and regularly visits friends and family in New York. Joyce resides in Georgia but regularly visits New York City for vacation. Any urgent care received by Jim or Joyce while in New York could generate substantially higher surcharges than what STU Co. would pay as an electing payor.

Due to the significant impact HCRA surcharges can have on nonelecting payors, self-funded plan sponsors with networks extending into New York — or with a large number of participants residing in neighboring states — may want to review their election status with their plan administrator.

Related resources

Non-Mercer resources

- [New York State Health Care Reform Act information](#) (New York DOH)
- [2024 covered lives/assessments/surcharges](#) (New York DOH, Dec. 14, 2023)
- [Indigent care and healthcare initiatives surcharges by payor \(through Dec. 31, 2026\)](#) (New York DOH, Nov. 2023)

Mercer Law & Policy resources

- [Some states require group health plan sponsor reporting](#) (Dec. 11, 2023)
- [New York announces 2023 HCRA covered-lives assessment rates](#) (Jan. 24, 2023)

Note: Mercer is not engaged in the practice of law, accounting or medicine. Any commentary in this article does not constitute and is not a substitute for legal, tax or medical advice. Readers of this article should consult a legal, tax or medical expert for advice on those matters.