

**LAW & POLICY GROUP****GRIST**

# New York announces 2020 HCRA covered-lives assessment rates

*By Mercer's Catherine Stamm and Dorian Z. Smith  
Jan. 21, 2020*

New York has posted its [2020 covered-lives assessment](#) (CLA) rates for graduate medical education under the state's Health Care Reform Act (HCRA). The HCRA imposes on "electing" health claim payers — including self-funded plans — an annual CLA, which is based on the number of covered individuals (and families) who live in New York. The state lets payers "elect" to pay the CLA per covered individual directly to the state's Professional Educational Pool. Nonelecting payers are not subject to the annual CLA but may incur significantly higher surcharges on certain in-state hospital expenses. The annual CLA/surcharge mandate is one of two distinct payments under the HCRA.

## Regional CLA/surcharge differences

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

**Electing payers.** New York City has the highest annual CLA for electing payers: \$173.53 per individual with self-only coverage and \$572.66 per individual with family coverage. However, in Long Island, the CLA per covered individual shrinks to \$60.60 (self) and \$199.97 (family). The CLA drops as low as \$8.85 (self) and \$29.19 (family) in the Utica region. These rates reflect minimal changes in the CLA from [2019 levels](#).

**Nonelecting payers.** The surcharge that nonelecting payers pay directly to in-state hospitals where covered individuals incur certain expenses also varies by region. For example, the 2020 surcharge on specified expenses reaches a high of 27.28% for a New York City hospital, but drops to 13.89% in Long Island and reaches a low of 2.25% in the Utica area. These nonelecting payer surcharge percentages 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 payer \$173.53 for the year, no matter whether that person incurs no or significant in-state hospital charges. Electing and nonelecting payers with no covered New York state residents won't owe any CLA.

However, if a covered individual incurs a \$100,000 bill for New York City hospital services subject to the HCRA surcharge, with the original hospital bill and the surcharge, a nonelecting payer will owe a total of \$127,280 — minus any applicable participant cost-sharing — for that hospital bill with the surcharge.

## Indigent care surcharge

Under the HCRA, health claim payers — 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 regardless of where the patient resides or the employer or group health plan is based.

For services delivered from April 1, 2009, through Dec. 31, 2020, the surcharge is 9.63% for electing payers that pay this expense to the Public Goods Pool and an additional 28.27% (or a total of 37.9%) for nonelecting payers that pay the surcharge to providers. If services are also covered by the CLA, this will be added to the nonelecting payer's bill. So a \$100,000 New York City hospital bill with a 27.28% CLA assessment plus 37.9% in indigent care surcharges could result in a total bill of \$165,180 for the hospital services and both surcharges.

## Dental services often exempt

While dental coverage is considered "health coverage" under the HCRA, the CLA and surcharges apply only to services received in a covered facility, such as a New York hospital or surgical center. Dental procedures that take place in the dentist's office are not subject to the CLA or surcharges. Thus, a typical employer-sponsored stand-alone dental plan is unlikely to incur any HCRA costs.

## Related resources

### Non-Mercer resources

- [New York State Health Care Reform Act Information](#) (New York Department of Health)
- [2020 Covered Lives/Assessments/Surcharges](#) (New York Department of Health)

### Mercer Law & Policy resources

- [New York announces 2019 HCRA covered-lives assessment rates](#) (Jan. 22, 2019)

*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.*