

New York State HCRA Liability: How Accurate is Yours?

HCRA assessments on healthcare payors have increased by almost \$1 billion since 2015 alone and continue to rise at extraordinary rates. At Penstock, our commitment to removing unnecessary costs from the healthcare system has us asking why? So, we embarked on a mission to find out.



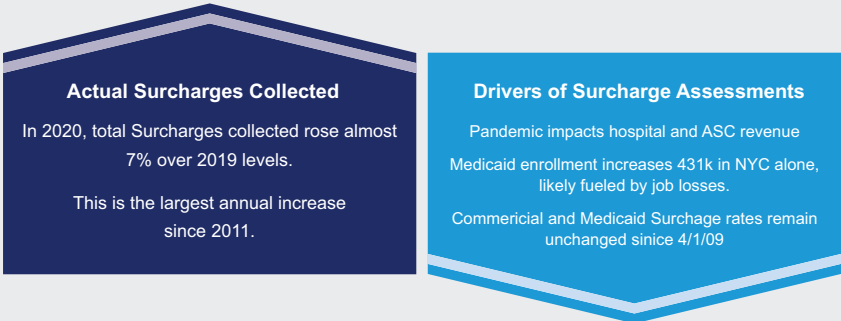
Here’s What We Did:

- Submitted a freedom of information (FOIL) request to NYS Department of Health requesting seven years (2014-2020) of surcharge and covered lives assessment data for the top 100 electors state-wide.
- Evaluated trends in both Covered Lives and Surcharge assessments as well as statewide health insurance enrollment (by product) over the period.
- Evaluated individual elector information based on the statewide trends as well as on their own merit, based on product mix and service area.

Here’s What We Discovered:

- Covered Lives Assessments increased less than 0.2% annually.
- Surcharges increased over 5% annually.
- There are several exclusions to assessments that many payors may not be aware of.
- Through 2024, Covered Lives Assessments are forecast to remain flat, while the Surcharge is expected to exceed \$4 billion*.

Surcharge Collections in 2020



*Source: New York State Division of the Budget, www.budget.ny.gov

Here’s How We Can Help:

Accurate identification of exclusions can have a big impact.

SAMPLE HEALTH PLAN HCRA ASSESSMENTS HISTORY Δ						Prior Year	
YEAR	SURCHARGE	COVERED LIVES	TOTALS	SUR/CLA %	TOTAL	SUR	CLA
2014	\$68,245,849	\$10,590,526	\$78,836,375	95%	5%	N/A	N/A
2015	\$67,467,194	\$10,038,440	\$77,505,634	89%	11%	10.2%	186.5%
2016	\$74,344,172	\$11,147,819	\$85,491,991	82%	18%	-0.6%	79.5%
2017	\$75,773,547	\$10,764,423	\$86,537,970	84%	16%	13.0%	-4.6%
2018	\$74,698,310	\$9,632,757	\$84,331,067	86%	14%	-2.8%	-14.0%
2019	\$78,491,342	\$10,210,740	\$88,702,082	85%	15%	-5.4%	0.4%
2020	\$72,321,599	\$10,085,519	\$82,407,118	81%	19%	-13.1%	12.3%
TOTALS*:	\$443,096,164	\$61,879,698	\$504,975,862	86%	14%	N/A	N/A

*Totals above do not include 2014 (base year) as it's beyond the statute of limitations for audit purposes.

Even Minor Error Rates	Can Make a Big Difference
0.5%	\$ 2,524,879
1.0%	\$ 5,049,754
1.5%	\$ 7,574,638
2.0%	\$ 10,099,517
2.5%	\$ 12,624,397
3.0%	\$ 15,149,276

Summary:

Regulatory compliance is complicated, and the applicability and level of assessment goes far beyond a type of provider, claim, or member location. Let us put our unique perspective and years of experience to work for you.