

# New York Public Goods Pool

## What is the pool?

The New York Public Goods Pool is a fund created by the state of New York to finance health care initiatives and care for the indigent within that state. The Pool was started in 1997 and is funded by a surcharge tax on all health services rendered in the state of New York. All health insurance plans, insured and self funded, are required by law to pay the tax. This state law is not preempted by ERISA for a self funded plan.

## Effect of electing into the pool

Self funded plans that elect to pay the Pool directly are promising to the pay the state a surcharge tax made up of two components. The first is a covered lives fee based on the number of covered employees residing in the state of New York. This part of the tax varies by the region of New York that the employee resides in and whether they have single or family coverage. If there are no employees residing in New York, then no tax is due from this portion of the surcharge tax. The second component is a surcharge tax on the dollar value of claims incurred in the state of New York. If no claims are incurred in the state, then no surcharge tax is due. Assessment rates are adjusted annually by the state of New York. The 2007 covered lives and claim assessment rates are:

2008 Surcharge Rates										
Electing										
Claims	8.95%									
Annual Assessment Covered Lives	NEW YORK CITY	LONG ISLAND	NORTHERN METRO	NORTH-EASTERN	UTICA/WATERTOWN	CENTRAL	ROCHESTER	WESTERN		
	\$ 149.85	\$ 45.12	\$ 24.52	\$ 28.00	\$ 5.18	\$ 36.76	\$ 69.16	\$ 26.54		
	\$ 494.50	\$ 148.89	\$ 80.92	\$ 92.39	\$ 17.10	\$ 121.31	\$ 228.22	\$ 87.58		

### Monthly or Annual Filing Status

Groups that are new electors to the Pool are required to file reports and payments to the Pool on a monthly basis during their first 12 months. After a group has been in the Pool for at least 12 months, the state of New York will make an annual determination on whether the group will remain a monthly filer or become an annual filer based on the amount of tax paid to the Pool in the prior year. Groups that the state designates as annual filers will receive a notice from the Pool in November indicating that the group has been designated an annual filer for the next year and providing an opportunity for the group to elect to remain a monthly filer.

A group that does not want to be an annual filer, must complete the form provided by the state and return it to the Pool as indicated in the Annual Filer Notice letter. TPAs are prohibited from completing the form on behalf of the group.

### Stop-Loss Coverage

In general, stop-loss carriers will consider the claim surcharge portion of tax as a covered claim under the stop-loss policy for groups that have elected into the Pool. The covered lives

assessment is not considered a covered claim under stop-loss policies.

Stop-loss coverage should also be a consideration in determining whether to elect to remain a monthly filer or become an annual filer per the state's designation. Coverage for the claim surcharge under a stop-loss policy will be based on the terms of the policy (e.g. incurred/paid) which can result in surcharge tax claims falling outside the coverage terms of the policy. For a monthly filer that risk is limited to the tax due from the prior month. In the case of an annual filer, the risk can extend up to the tax due from the prior 12 months because the filing is due annually in January.

### Administrative Services Provided

UMR provides filing services, whether a group is a monthly or annual filer, for the Public Goods Pool within the standard administrative fee. Any covered lives surcharge due will be billed to the group on the administrative fee billing and any claim surcharge due is processed as a claim the group must fund. There is no additional charge for this service.

## Effect of not electing into the pool

Self funded plans that choose not to elect into the Pool will be charged a surcharge tax of 35.21% on any claim incurred in the state of New York, with additional regional fee on top of that for inpatient claims. This tax will be included as part of the claim from the provider and must be remitted to the provider. The maximum surcharge rate for inpatient services is approximately 63%. It should also be noted that many stop-loss carriers will not reimburse this tax when a group has not elected into the Pool.