



What They Are Saying about the Health Insurance Tax

Lawmakers, small business owners and experts are speaking out about the burdensome health insurance tax (HIT) and the toll it's taking on America's Main Street. A bill to repeal the tax now has widespread bipartisan support in Congress.

The HIT is an often overlooked small business tax in the Patient Protection and Affordable Care Act (PPACA), which imposes \$130 billion in new taxes on the small business community, their employees and the self-employed over the next decade.

Stakeholders across the country are coming together in support of repeal of the HIT.

Here is what they are saying:

Members of Congress:

Senate Finance Committee Chairman Orrin Hatch (R-UT) discussed the health insurance tax and other ACA taxes in a Senate floor speech: "In other words, on top of permanence in the Tax Code and relief for taxpayers across the country, we have bipartisan agreement to delay or suspend some of the more harmful elements of the Affordable Care Act. It is not a bad way to end the year, if you ask me."

Senator Johnny Isakson (R-GA) issued a press release with the following statement: "As a member of the Senate Finance Committee, I am especially pleased that this legislation represents the most substantial rollback of Obamacare in six years by suspending Obamacare's harmful taxes on medical innovation and health insurance premiums, and that it includes several provisions to rein in the culture of lawlessness and targeting of taxpayers and conservative groups by the Internal Revenue Service."

Senate Minority Leader Harry Reid (D-NV) said in a press conference that Democrats pushed for the delay of the health insurance tax. "It wasn't that easy to sell Republicans, but we did because it was the right thing to do," he told reporters.

Senator James Lankford's (R-OK) press release included the following: "Obamacare Reforms – This Omnibus spending and tax relief bill defunds the Obamacare Independent Payment Advisory Board, suspends the medical device tax, delays the "Cadillac" tax on high-cost health insurance policies, and delays the Health Insurance Tax. Obamacare is a drain on the economy; any relief of this horrible law is helpful for small business growth."

STOP THE HIT

Senator John Hoeven's (R-ND) press statement included the following:

“Obamacare Tax Relief – Includes several provisions that offer regulatory relief from Obamacare’s costly and burdensome mandates, including a two-year delay of the tax on businesses that pay their employees’ health care plans, a two-year delay of the Medical Device Tax and a one-year delay of the Health Insurance Tax (HIT) paid by insurance companies. It also eliminates funding for the Independent Payment Advisory Board (IPAB).”

House Ways & Means Chairman Kevin Brady (R-TX) issued the following

statement: “The Omnibus contains several important provisions that will protect Americans from the failures of the President’s health care law as well as provide the next Republican president with room to replace these policies with patient-centered reforms.

- “Suspend the Health Insurance Tax for One Year: Only the Washington bureaucrats who proposed Obamacare would believe that charging an annual fee on health insurance providers would result in more affordable health plans for Americans. As expected, health insurance providers are directly passing this cost— among others— along to taxpayers in the form of higher premiums. This bill would suspend this costly tax for 2017.”

Rep. Charles Boustany (R-LA), sponsor of the HIT repeal bill in the House, stated on the House floor: “We are going to stop the health insurance tax for one year, which is causing health insurance premium hikes for American families. By some estimates, it is \$350 to \$400 a year for American families, and this is wrong.”

Leader Nancy Pelosi (D-CA) released a Dear Colleague to the Democrat Caucus in support of the omnibus legislation. That letter included a list of “Key Provisions Democrats Got Included in the Omnibus,” including: “Suspending Health Insurance Tax for One Year: Suspends the Health Insurance Tax in the Affordable Care for one year – 2017, which will result in a reduction in health insurance premiums.”

Rep. Ron Kind (D-WI), head of the New Dem Caucus Leadership, issued a statement on the omnibus legislation: “This bill also left out highly partisan policy riders while including important bipartisan provisions, such as ... delays to the excise and health insurance taxes to help keep health insurance premiums low ...”

Rep. Kevin Cramer (R-ND) issued the following in his press statement: “In addition to no new funding for Obamacare, we actually halt three major Obamacare taxes - the medical device tax, which has been a job killer from the day it was implemented; the “Cadillac” tax, which is the tax on employer and union based purchased healthcare plans; and the health insurance premium tax, which never made sense because we were going to force people to buy a product and then tax it

STOP THE HIT

so we can have universal healthcare. Those three taxes have been put on hold for a couple of years in this bill.”

Rep. Renee Ellmers (R-NC) mentioned the suspension of the ACA taxes in her press release: “Today’s funding bill provides some certainty while also lessening tax burdens on North Carolina small businesses, farmers and families. There are several big healthcare wins within this legislation as well, including a delay of three harmful Obamacare taxes that directly hit the pockets of Second District constituents and business owners. The repeal of these taxes lays the groundwork for a full repeal of this failed healthcare law in 2016.”

Rep. Ami Bera (D-CA) issued a press release on inclusion of the health insurance tax suspension in the omnibus legislation: “I introduced the Small Business and Family Relief Act in 2013 to help make insurance more affordable for middle class Americans and am pleased to see a version was finally included in the spending package. We should not be imposing this financial burden on small businesses for doing the right thing and providing their workers with quality health care. The tax makes it more expensive to provide health insurance to employees, hinders job growth, and could force layoffs. We must continue to work to increase health care enrollment to help drive down health care prices, but in the meantime this delay will protect small businesses, seniors, and families from potentially harmful costs.”

The Obama Administration:

The Obama Administration stated that there is no link between the ACA taxes and the funding for the program itself.

Press Secretary Josh Earnest said, “[T]here is no impact that the two-year suspension of the ‘Cadillac tax’ will have whatsoever on the continued strength and functioning of the marketplaces moving forward ... Their funding streams are entirely separate.”

Earnest further explained that the cost of the temporary suspension of the three ACA taxes, including the HIT, is \$35 billion: “But when you consider that during that time period -- essentially over the next four years, between 2015 and 2019 -- the Affordable Care Act is slated to cost \$203 billion less than was originally projected, and that means that the net outcome here continues to be a health care policy that saves the government money.”

CMS Acting Administrator Andy Slavitt mentioned health insurance tax relief in an address to the National Association of Health Underwriters: “We have also announced that the reinsurance program, which paid out \$7.9 billion for 2014, at a 25% higher level than expected, will pay out up to \$7.7 billion for 2015. Just as that

STOP THE

program has been a stabilizing force to date, the one-year moratorium on the Health Insurance Tax, of \$13.9 billion will also help stabilize premiums next year [2017] as the transitional reinsurance program phases out.”

Small Business Owners:

“Our company has had to lower benefits to our employees, such as increasing their part of the premiums to cover the rising cost of insurance thanks to this health insurance tax.” – **Tom Jones, founder of REI (Research Electronics International) in Tennessee comments from a health care round table in Cookeville, Tenn., April 9, 2015.**

“Its grossly unfair to be attacking the people who have been doing the right thing, providing insurance when it wasn’t mandatory.” – **Steve Barclay, Barclay Legal in Phoenix comments from a health care round table in Phoenix, Ariz., March 13, 2015.**

“We have a couple state representatives who own restaurants that are looking at closing down at least 3 of their restaurants because they’re saying at the end of the day, this tax is not worth it. So this is a huge problem that we need to address.” – **Chianne Hewer of the Arizona Restaurant Association in Scottsdale comments from a health care round table in Phoenix, Ariz., March 13, 2015.**

“As a small business, we are really pleased that Congressman Black has taken a lead on trying to repeal this burdensome tax initiated through the ACA. We truly appreciate her efforts and in particular coming to our city to listen to our concerns.” – **Kevin McCaleb, J & S Construction in Tennessee comments from at a health care round table in Cookeville, Tenn., March 13, 2015.**

“Every time there is a new tax and a new expense that adds on to an already increase in premiums year over year, it turns into something that is a burden that is unsustainable for the business and for our employees.” – **Eric Yunag, President and CEO of Dakota Security Systems Inc. comments from a health care round table in Sioux Falls, South Dakota, April 10, 2015.**

Experts and Thought Leaders:

“Largely overshadowed in the national dialogue, it was framed as a tax on insurers, but the truth is, the health insurance tax, or HIT, is increasing premiums for the nearly 90 percent of small businesses that purchase plans in the fully insured marketplace...For the hotel industry – which is largely comprised of small businesses – these costs threaten our ability to continue to grow jobs and provide career opportunities.” – **Katherine Lugar, president and CEO of the American Hotel & Lodging Association in Roll Call, May 1, 2015.**

STOP THE HIT

“Take the health insurance tax. I understand the need for revenue, but that tax is a disgrace. It makes no sense from a tax policy point-of-view...” – ***Douglas Holtz-Eakin, president of the American Action forum comments from a Senate Finance Committee hearing, March 19, 2015.***

“Adding to the small business burden is a hidden tax that specifically targets plans purchased in the fully insured marketplace, where 88 percent of small business owners purchase their insurance...it will be passed on directly to consumers in the form of higher premiums.” – ***Dirk Van Dongen, president and CEO of the National Wholesaler-Distributors in The Hill, February 18, 2015.***

“This outrageous tax falls directly on the backs of those working to build the infrastructure of our country, from our neighbor’s home renovation to a new city block, growth is being threatened. In fact, the HIT means imminent job loss.” – ***Michael Bellaman, president and CEO of Associated Builders and Contractors in InsideSources, April 15, 2015.***

“The reality is that it is a tax being passed on to small-business owners who purchase insurance in the fully insured marketplace. Almost 90 percent of small businesses purchase coverage in this market and are being forced to foot an \$11 billion tax bill in 2015 alone.” – ***Ben Homeyer, South Carolina director of the National Federation of Independent Business in The State, April 15, 2015.***

“Most farmers and ranchers, as well as other small business owners, don’t have a large enough pool of employees to be self-insured so they purchase health insurance in the fully insured market. Fully insured plans are the only plans that factor into the equation that determines how much tax an insurance company pays. The cost to companies, therefore, is passed on to farmers, ranchers and small business owners that purchase those plans.” – ***Garrett Hawkins, director of the Missouri Farm Bureau in the Farmington Press, February 19, 2015.***