

STOP THE



March 19, 2013

The Honorable John Barrasso
Vice Chairman
Senate Republican Conference
307 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Orrin Hatch
Ranking Member
Senate Committee on Finance
104 Hart Senate Office Building
Washington, DC 20510

Dear Senators Barrasso and Hatch:

On behalf of the nation's small business owners, their employees and millions of self-employed Americans, the Stop the HIT Coalition commends you for introducing "The Jobs and Premium Protection Act" to repeal the health insurance tax (HIT) provision enacted as part of the Patient Protection and Affordable Care Act (PPACA).

As you know, this hidden and punitive tax is directly aimed at the small business community, which is the primary source of new job creation in the US economy. This new tax will fall solely on the fully insured market, which is the market from which 87 percent of small business owners purchase insurance for their employees and themselves. It is a tax increase of \$8 billion in 2014, rises to \$14.3 billion in 2018, and continues to rise thereafter to reach \$101.7 billion in the first 10 years.

While the HIT is cloaked as a fee, actually it is a tax on insurance providers that will undoubtedly be passed on to small businesses, their employees and the self-employed. The Congressional Budget Office (CBO) has confirmed this, stating that the HIT "would be largely passed through to consumers [small and family-owned businesses] in the form of higher premiums for private coverage." Increasing the cost of health insurance plans for small business owners and the self-employed makes offering affordable coverage, or any coverage at all, to employees more difficult. In fact, former CBO Director Douglas Holtz-Eakin estimates the average impact is as much as a three percent (or \$5,000) increase in premiums for a family of four over ten years.

In the more immediate time frame, the Joint Committee on Taxation estimates that "eliminating [the HIT] fee could decrease the average family premium in 2016 by \$350 to \$400." The Committee also has noted multiple times through their analysis that the tax would be passed on to the purchaser of insurance in the form of higher premiums, further validating what the CBO, small business owners and others have stated since passage of the PPACA.

The employer community has historically had two major concerns related to health insurance, cost and availability. As the HIT increases the cost of health insurance for small business, it should be repealed. The nation's millions of small business owners, workers and the self-employed deserve no less. Accordingly, they, and the members of the Stop the HIT Coalition, commend and thank you for introducing this important bipartisan legislation.

Sincerely,