

Repeal Health Insurance Tax on Small Business

The unfair tax on health insurance that will exclusively impact small businesses must be repealed

Following NSBA's successful bid to repeal the expanded 1099 reporting provision, a new pay-for in the health care law, which would almost exclusively impact small businesses, has drawn the attention of small businesses and lawmakers alike.

The annual fee, or tax, which is assessed on health insurance providers, was passed as a revenue raiser in the *Patient Protection and Affordable Care Act* (PPACA) last year, and is estimated to provide \$87 billion to fund other spending provisions. Unfortunately, the tax will result in increased health insurance premiums for small businesses.

NSBA recently registered support of legislation, [H.R. 1370](#), introduced by Rep. Charles Boustany (R-La.) and [S. 1049](#) introduced by Sen. Jon Kyl (R-Ariz.) to repeal the annual fee on health insurance providers which reports show will be passed on to small businesses.

According to Congressional Budget Office (CBO) [report](#), the annual tax on health insurance companies "would ultimately raise insurance premiums" for individuals and families in the "fully-insured" market—essentially small businesses, their employees, and their families. CBO asserts that the tax on insurers, which starts in 2014, simply will be passed down to consumers in the fully-insured market in the form of higher premiums.

Adding insult to injury, most large companies will not be hit by this premium increase as they typically "self-insure" meaning that the company itself serves as the insurance provider rather than going through a third-party provider such as Aetna or Blue Cross.

Small businesses already pay more for less in health insurance than others. The annual tax on health insurers will only worsen the health insurance problems small businesses have faced for years. The number one priority for small businesses in reforming the health care system was, and continues to be, reducing and reigning-in the cost of health insurance.

Small businesses continue to report dire consequences of rising health insurance costs. According to NSBA's 2010 Year-End Economic Report, when asked how the cost of their health insurance had changed since the law passed, 46 percent reported increases of more than 11 percent, among those, 18 percent experienced an increase in excess of 20 percent.

Piling on a new tax that small businesses alone will be forced to pay is unsustainable and unthinkable. More than that, this tax defies any semblance of equity in the new health care law and is grossly unfair.

NSBA strongly supports H.R. 1370 and S. 1049 and urges small-business owners and their employees to [contact their lawmakers](#) and urge support of both bills.