

Repeal the Health Insurance Tax

This costly, unfair, and hidden tax will increase the cost of health insurance.

Problem:

The Health Insurance Tax (HIT) is an often overlooked small-business tax in the Patient Protection and Affordable Care Act (ACA) law, and will impose \$145 billion in new taxes on the small-business community, their employees and the self-employed over the next decade.

- Originally referred to as a fee on insurers, the HIT is actually a tax being passed onto consumers in the fully insured marketplace, where nearly all small businesses and the self-employed purchase their health coverage, in the form of higher premiums.
- The only insurance plans that factor into the equation for purposes of determining the insurance company's portion of the HIT are fully insured plans—the plans that 87 percent of small-business owners purchase.
- The HIT will impact 1.7 million small businesses, 111 million employees and the self-employed who purchase health insurance in the individual market and 23 million employees who are covered by their employer.
- At the end of 2015, over 100 Democrats joined with nearly 300 Republicans to provide relief from the HIT for one year (2017). This is projected to save **\$270** on average per small-business worker. Since the cost of the HIT increases year-over-year, Americans will see temporary relief in 2017 only to face an even higher HIT impact on premiums in 2018.
- A full repeal of the tax was also included in last year's reconciliation bill (H.R. 3762), which is seen as the baseline for lawmakers' upcoming ACA repeal package.
- According to past analysis by former Congressional Budget Office Director Doug Holtz-Eakin, the average family will pay an additional \$5,000 over 10 years in extra premiums because of the HIT.

Solution:

An increased cost for small businesses, such as the HIT, translates to restrictions on their ability to grow and create jobs and is why NSBA has been working to fully repeal this onerous and unnecessary tax.

- Despite the one-year moratorium on the HIT for the 2017 plan year, immediate action is needed, otherwise, cost of this tax will begin to be factored into insurance premiums for individuals and small employers who enroll or renew in health insurance annual coverage. That is, unless the HIT is repealed.
- Congress needs to determine a more equitable funding process that will not force small-business employers to decide between hiring more workers and trying to keep up with the rising health insurance costs.
- NSBA supports legislation offered in the House from Reps. Kristi Noem (R-S.D.) and Kyrsten Sinema (D-Ariz.), the *Jobs and Premium Protection Act of 2017* (H.R. 246); legislation to repeal the HIT and help lower health insurance premiums for small businesses and families.

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