

# Repeal the Health Insurance Tax

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

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## Problem:

The Health Insurance Tax (HIT) is an often overlooked small-business tax in the president's health care law, the *Patient Protection and Affordable Care Act* (PPACA), 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.
- The HIT does not sunset and is expected to cost each family approximately \$5,000 in higher premiums over the decade according to an analysis by former Congressional Budget Office (CBO) Director Douglas Holtz-Eakin.

## 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.

- The Omnibus Spending bill of 2015 included a one-year suspension of the HIT for 2017, but it will only provide temporary relief for up to 12 months to small business and their employees. The HIT returns in 2018 unless it is fully repealed.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 Senate by Sens. John Barrasso (R-Wyo.) and Orrin Hatch (R-Utah), the *Jobs and Premium Protection Act of 2015 (S.183)*; and H.R. 928 in the House from Reps. Charles Boustany (R-La.) and Kyrsten Sinema (D-Ariz.).

## Learn More:

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