

STOP THE



February 15, 2013

The Honorable Charles Boustany
1431 Longworth House Office Building
Washington, DC 20515

The Honorable Jim Matheson
2211 Rayburn House Office Building
Washington, DC 20515

Dear Representatives Boustany and Matheson:

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 As the HIT increases the cost of health insurance for small business, it should be repealed.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

Alliance for Affordable Services
American Bakers Association
American Farm Bureau Federation
American Hotel & Lodging Association
American Rental Association
American Supply Association
Associated Builders and Contractors
Associated General Contractors
Automotive Aftermarket Industry Association
Automotive Recyclers Association
Independent Electrical Contractors
International Franchise Association
International Housewares Association
National Association of Convenience Stores
National Association of Health Underwriters
National Association of Manufacturers
National Association of Wholesaler-Distributors
National Club Association
National Community of Pharmacist Association
National Federation of Independent Business
National Funeral Directors Association
National Lumber and Building Material Dealers Association
National Restaurant Association
National Retail Federation
National Roofing Contractors Association
National Small Business Association
NUCA Representing Utility and Excavation Contractors
Petroleum Marketers Association of America
Plastics Trade Association
Printing Industries of America
Professional Golfers Association
Retail Industry Leaders Association
Society of American Florists
Specialty Equipment Market Association
U.S. Chamber of Commerce