

REPEAL OF THE HEALTH INSURANCE TAX

OBJECTIVE: Delay or repeal the health insurance tax (HIT) levied annually on fully insured health care plans that are offered by many small and medium-sized businesses.

BACKGROUND: Health care remains a major expense for employers that offer coverage to their employees. In a recent Kaiser Family Foundation survey, for 2018 the average annual premiums for employer-sponsored health insurance was \$6,896 for single coverage, of which employers on average paid \$5,710. The average premium was \$19,616 for family coverage, with employers on average contributing \$14,069.

According to data from Employee Benefit Research Institute (EBRI), 79 percent of large companies (1,000 or more employees) offer a self-insured health care plan. However, only 29 percent of mid-size companies (100 to 999 employees) offer a self-insured health care plan and it is 17 percent for small companies (25 to 99 employees).

The HIT is currently suspended for 2019 but is set to return in 2020 unless there is congressional action extending the moratorium. According to America's Health Insurance Plans (AHIP), if implemented in 2020, the HIT would levy \$16 billion in fees on health insurance, including increases of \$479 per family in the small-group market and \$458 in the large-group market.

Although health insurance companies offering fully insured health care plans are responsible for paying the HIT, it is ultimately passed along to employers in the form of higher premiums. The tax was included in the Affordable Care Act (ACA) as a way to pay for the expansion of health care coverage, yet it has only made health care less affordable for those most in need of relief.

Increased costs, like the HIT, restrict the ability of small and medium-sized businesses to grow and create jobs. Delay, and ultimately repeal, of this onerous and unnecessary tax will provide more certainty and affordability to the nation's job creators.

LEGISLATION: The Health Insurance Tax Relief Act (H.R. 1398, S. 172) has been introduced in both chambers and would suspend the HIT through 2021. The legislation has bipartisan support in both the House and Senate. Congress has already suspended the HIT twice since it took effect in 2014. The legislation would provide cost savings to the 142 million Americans forced to pay higher insurance premiums as a result of the 2020 HIT.

NLBMDA POSITION: NLBMDA was pleased with the suspension of the HIT for 2019; however, the association remains concerned about the HIT's long-term burden on small and medium-sized employers. Delay, and ultimately repeal, of the HIT is needed to provide adequate relief to lumber dealers who offer health care coverage to their employees.

REQUEST: NLBMDA encourages the House and Senate to reduce the health care burden on lumber dealers by approving the Health Insurance Tax Relief Act.

For more information, contact Jonathan Paine, President & CEO, at jonathan@dealer.org or 202.367.1169.

THE RETURN OF THE HEALTH INSURANCE TAX FOR 2020...HAPPENS SOON

Beginning in the fall of 2018, health insurance premiums for 2020 are set. If Congress doesn't act soon, the Health Insurance Tax will be priced into health insurance policies for 2020, increasing premiums and reducing benefits for 141 million Americans. Congress needs to act now to delay the return of the health insurance tax in 2020!



Fully insured **LARGE EMPLOYERS AND THEIR EMPLOYEES** will see their premiums increase

\$458
FOR FAMILY COVERAGE



Fully insured **SMALL EMPLOYERS AND THEIR EMPLOYEES** will see their premiums increase

\$479
FOR FAMILY COVERAGE



SENIORS AND DISABLED INDIVIDUALS in Medicare Advantage will see their premiums increase

\$482
PER COUPLE



CONSUMERS IN THE INDIVIDUAL MARKET will see their premiums increase

\$196
FOR INDIVIDUAL POLICIES



STATE MEDICAID PROGRAMS will incur an additional cost of

\$4.3 B

For information about the impact of return of the Health Insurance Tax in 2020 for all 50 states, find out more at <http://www.stopthehit.com/wp-content/uploads/2018/08/Oliver-Wyman-2018-Analysis-of-Health-Insurance-Tax.pdf>.