



TAXES – HEALTH INSURANCE TAX

Issue:

Farmers and ranchers have two major concerns related to health care: cost and access. The Health Insurance Tax (HIT tax) increases health insurance costs for farmers, ranchers and other small businesses by imposing a levy on health insurance companies that is passed along to consumers. Farm Bureau supports repealing the HIT tax to reduce health insurance costs for farmers, ranchers and other small businesses.

Background:

The HIT tax was passed as part of the Patient Protection and Affordable Care Act (ACA) as a way to raise revenue to offset the cost of the legislation. The tax, which is an excise tax levied on a health insurance company's net premium, is passed along to consumers.

The HIT tax added \$8 billion to the cost of health insurance in 2014, \$11 billion in 2015 and 2016, \$14 billion in 2018 and is projected to add \$16 billion in 2020 (Congress imposed a one-year suspension for 2017 and 2019). A recent report from Oliver Wyman estimates that the HIT tax will force families purchasing coverage in the small group market to pay nearly \$500 on average in premium costs this year. Worse, a disproportionate share of the cost is paid by those with incomes between \$10,000 and \$50,000.

Most farmers and ranchers and other small businesses cannot self-insure because they do not have a large enough pool of employees. Instead, many purchase health insurance in the fully insured market. Because fully insured health plans are the only plans that factor into how much HIT tax an insurance company pays, the cost of the HIT tax is passed through to small businesses that purchase those plans.

This HIT tax is pushing insurance costs even higher than they already are, making it harder for farmers and ranchers to purchase coverage for themselves, their families and their employees. While the 2019 moratorium will temporarily buffer health insurance costs for one year, the HIT tax will again drive up premiums in 2020.

For additional information, visit the Stop the HIT Coalition website at <http://www.stopthehit.com/>.

Legislative Status:

Farm Bureau supports:

S. 80, the Jobs and Premium Protections Act, to repeal the HIT tax by Sens. John Barrasso (R-Wyo.), Krysten Sinema (D-Ariz.) and Cory Gardner (R-Colo.).

H.R. 2447, the Jobs and Premium Protections Act, to repeal the HIT tax by Reps. Anthony Brindisi (D-N.Y.) and Kenny Marchant (R-Texas).

S. 172, the Health Insurance Tax Relief Act of 2019, to delay the HIT tax for two years (2020 and 2021) by Sens. Cory Gardner (R-Colo.), Jeanne Shaheen (D-N.H.), John Barrasso (R-Wyo.), Doug Jones (D-Ala.), Tim Scott (R-S.C.) and Kyrsten Sinema (D-Ariz.).

H.R. 1398, the Health Insurance Tax Relief Act, to prevent the HIT tax from going into effect until after 2021 by Reps. Ami Bera (D-Calif.), Josh Gottheimer (D-N.J.), Jackie Walorski (R-Ind.) and Kenny Marchant (R-Texas)

AFBF Policy:

Farm Bureau believes that one of the primary goals of health insurance reform should be to reduce costs. Because the HIT tax increases the cost of health insurance, Farm Bureau supports its repeal. Until the HIT tax can be repealed, Farm Bureau supports a suspension of HIT tax collections including for 2020 and 2021.

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