

**Coburn Amendment #2537 - To strike a tax hike in the President's health care law and thereby reduce health insurance premiums for millions of Americans**

**This amendment would strike the insurer tax in the President's health care law, which will increase health insurance premiums for families and small businesses by about \$500 per year.**

Surveys repeated show that most Americans are concerned about the cost of health coverage. In fact, in many ways, cost is the access problem.

Yet this tax will increase costs for millions of Americans.

Congress should adopt this amendment and help reduce premiums for families and small businesses.

**The President's health law was supposed to *reduce* health care costs and lower premiums – but this tax and the law are doing the opposite.**

Nonpartisan analysis from the Medicare Actuary and Congressional Budget Office – as well as a range of private firms—shows that health reform increases health costs and premium prices.

One of the reasons the law increases the cost of health coverage is that the law includes a range of new taxes on drugs, devices, and health insurance.

According to the Medicare Actuary and Joint Committee on Taxation, all these taxes are passed on to Americans in the way of higher costs and higher premiums.

**This amendment would strike the \$87 billion tax on insurers in the law.**

The tax is described in the law as an “annual fee” levied on insurance companies.

Actually, the fee is really just a tax by another name — the health-insurance tax, or “HIT,” in this case.

Unless this tax is repealed, it will soon force families and small businesses to pay even more for their coverage.

## **Economists agree that the new tax will be passed by businesses to customers.**

As the Joint Committee on Taxation explained, “a very large portion of the insurance industry fee [would] be passed forward to purchasers of insurance in the form of higher premiums.”

According to analysis by the actuarial firm Oliver Wyman, this tax could increase premiums for an average family in the small-group market by \$6,800 over the decade that starts in 2014.

Former director of the Congressional Budget Office Douglas Holtz-Eakin arrived at a similar conclusion, pegging the impact at about \$500 per family each year.<sup>1</sup>

Unfortunately, most of these hardest-hit families are those of least means: low-income or middle-class families. Holtz-Eakin explained that “roughly 85 percent of the burden” of this new tax “will come out of the wallets of those making less than \$100,000.”<sup>2</sup>

## **This tax will also hurt businesses and job growth.**

This tax increases costs for small-business owners, which discourages them from expanding their companies, creating jobs, and hiring new employees.

Small businesses create roughly two-thirds of new jobs in America and this insurance tax is one of many taxes in the health law hurt businesses.<sup>3</sup>

In fact, the research firm UBS has described the health-care law as the nation’s “biggest impediment to hiring.”<sup>4</sup>

The National Federation of Independent Business found that the rise in the cost of employer-sponsored insurance stemming from the health-insurance tax will result in a reduction in private-sector employment by as much as 249,000 jobs by 2021. Half of this job loss would fall on small businesses.

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<sup>1</sup> <http://americanactionforum.org/sites/default/files/Case%20of%20the%20Premium%20Tax.pdf>

<sup>2</sup> [http://americanactionforum.org/sites/default/files/Premium Tax Fairness.pdf?utm\\_medium=email&utm\\_source=et&utm\\_content=new+policy+paper&utm\\_campaign=1298439\\_249834\\_Noelle%20Clemente](http://americanactionforum.org/sites/default/files/Premium%20Tax%20Fairness.pdf?utm_medium=email&utm_source=et&utm_content=new+policy+paper&utm_campaign=1298439_249834_Noelle%20Clemente)

<sup>3</sup> <http://web.sba.gov/faqs/faqIndexAll.cfm?areaid=24>

<sup>4</sup> [http://www.coburn.senate.gov/public/index.cfm?a=Files.Serve&File\\_id=c968aed0-e358-451b-9f68-c98078f75156](http://www.coburn.senate.gov/public/index.cfm?a=Files.Serve&File_id=c968aed0-e358-451b-9f68-c98078f75156)

**This tax breaks the President's promise not to raise taxes on American families making less than \$250,000 annually.**

The new health-insurance tax is a direct hit on the pocketbooks of millions of Americans in that category.

Indeed, as the Joint Committee on Taxation confirmed, this tax will be passed on to middle-class Americans.<sup>5</sup>

This massive tax hike in the President's health care law that increases costs is not wise.

**Congress should repeal this tax and help reduce costs for millions of Americans.**

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<sup>5</sup> [http://www.coburn.senate.gov/public/index.cfm/rightnow?ContentRecord\\_id=6587c442-cac3-462c-bd8a-b8a59fe353be&ContentType\\_id=b4672ca4-3752-49c3-bffc-fd099b51c966&Group\\_id=00380921-999d-40f6-a8e3-470468762340&MonthDisplay=3&YearDisplay=2012](http://www.coburn.senate.gov/public/index.cfm/rightnow?ContentRecord_id=6587c442-cac3-462c-bd8a-b8a59fe353be&ContentType_id=b4672ca4-3752-49c3-bffc-fd099b51c966&Group_id=00380921-999d-40f6-a8e3-470468762340&MonthDisplay=3&YearDisplay=2012)