



## Statement for the Record from Stop the HIT Coalition

On behalf of the nation's small business owners, their employees and millions of self-employed Americans, the Stop the HIT Coalition would like to thank you for taking a close look at how the tax code affects America's small businesses. While the Small Business and Pass-Through Working Group discussion draft focuses on several important items that need to be addressed, we would like to call your attention to an issue not directly mentioned. Specifically, the damaging effects of the tax burden of the Patient Protection and Affordable Care Act (PPACA) and the impact the health insurance tax (HIT) will have on America's job creators and those offering health insurance to their employees.

The HIT is a particularly punitive tax aimed at the small business community. This new tax falls solely on the fully insured market, which is the market from which 88 percent of small business owners purchase health insurance for their employees and themselves. It is a tax increase of \$8 billion in 2014, rising to \$14.3 billion in 2018, and continues to rise thereafter to reach \$101.7 billion over the first 10 years. Premiums will increase as early as this year's plan renewals to account for the tax.

A major concern for our nation's small business owners and those providing health insurance is the cost of providing that coverage. The members of the Stop the HIT Coalition, made up of more than 37 organizations, strongly oppose the health insurance tax and believe that repealing this tax will make insurance more affordable and available.

As currently constructed, this tax on insurance providers will undoubtedly be passed on to small businesses, their employees and the self-employed. It will increase the cost of health insurance plans for small business owners and the self-employed and make offering affordable coverage or any coverage at all, to employees more difficult. In fact, the nonpartisan Joint Committee on Taxation (JCT) estimates the HIT will increase family premiums by 2.5% or \$400 in 2016.

To further illustrate the HIT's significant impact on small businesses and the local economies in which they operate, the National Federation of Independent Business Research Foundation recently released an updated study showing the significant number of jobs that will be lost by the HIT as a result of the PPACA. Using independent cost estimates, the Research Foundation's BSIM (Business Size Impact Module) predicts the rise in cost of employer-sponsored insurance stemming from the HIT will result in a reduction in private sector employment of 146,000 to 262,000 jobs by 2022, with 59 percent of the job losses coming from small businesses. This will amount to a reduction of U.S. real output (sales) by between \$19 billion to \$35 billion during the same time frame. A similar study released in 2011 predicted a loss of 125,000 to 249,000 jobs and \$18 to \$30 billion in sales by 2021. The job loss and lost sales figures will continue to increase unless action is taken to remedy this destructive tax.

The employer community has historically had two major concerns related to health insurance, cost and availability. The HIT increases the cost of health insurance for small business, it should be repealed. The nation's millions of small business owners, employees and the self-employed deserve no less. As the working group takes a close look at the way our nation's tax code affects small businesses and their ability to create jobs and spur economic growth, we urge you to seriously consider repealing the HIT as a part of greater tax reform. The members of the Stop the HIT Coalition commend, and thank you in advance for considering this very important issue.