

March 7, 2017

The Honorable Paul Ryan, Speaker
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

The National Association of Wholesaler-Distributors (NAW) is pleased to support the package of legislative recommendations to be included in a Fiscal 2017 reconciliation bill, unveiled on March 6, 2017 by House Republicans.

NAW is the “national voice of wholesale distribution,” an association comprised of employers of all sizes, and national, regional, state and local line-of-trade associations spanning the \$5.6 trillion wholesale distribution industry that employs more than 5.9 million workers in the United States. Approximately 40,000 enterprises with places of businesses in all 50 states and the District of Columbia are affiliated with NAW.

NAW believes that our nation’s health care system is overly burdened by government mandates and taxes and that movement toward a more market-oriented, patient-centered system is the surest path toward higher quality, lower cost and enhanced access. This package represents real progress in this regard, strengthening our private, voluntary employment-based health benefits system which currently provides coverage to approximately 177 million Americans.

Clearly, the employment-based system serves the interest of working Americans and their employers. Innovation in private sector health plan design plays a major role in controlling cost as employers seek to manage the impact of health spending (that continues to escalate more rapidly than inflation) on their bottom lines and, at the same time, provide their employees with high quality coverage and access to medical care.

In particular, NAW members are pleased that the reconciliation recommendations include:

- Repeal of the employer mandate penalties
- Repeal of the annual fee on health insurers (the “health insurance tax” or HIT)
- Repeal of the medical device tax
- Liberalized treatment of health savings accounts (HSA) and flexible spending accounts (FSA)

NAW members also support the recommended delay until 2025 in the implementation of the 40% excise tax on high-cost employer-sponsored coverage (the “Cadillac Tax”). Our membership prefers the full and permanent repeal of the Cadillac Tax, and we look forward to working with you and your colleagues toward that end as the legislative process unfolds.

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Critically, these reconciliation recommendations wisely avoid any limitation on the tax exclusion for employer-sponsored health benefits. A recent survey of NAW-affiliated wholesaler-distributors revealed that over 90% offer some form of employer-subsidized health benefits to their employees and that nearly 3 in 5 of those employers would cut back on or eliminate their health benefits offerings were “Federal legislation diminishing current law tax treatment of employer-sponsored coverage/insurance to be enacted.”

Mr. Speaker, NAW urges the enactment of this package of FY '17 reconciliation recommendations. Thank you for your leadership and for your consideration of NAW's views.

Sincerely,

A handwritten signature in black ink, appearing to read "James A. Anderson, Jr.", with a stylized flourish at the end.

James A. Anderson, Jr.
Vice President-Government Relations

cc: Members of the U.S. House of Representatives