



Provide Relief from Taxes that Raise Health Care Costs for Consumers

Suspended by Congress in 2017, the Health Insurance Tax is Slated to Return in 2018

Beginning in 2014, the Affordable Care Act (ACA) imposed a \$267 billion tax, in what is essentially a sales tax on health insurance coverage. [Actuarial analyses](#) found that under current law, a total of \$267 billion will be assessed and collected as a result of this tax over the next ten years (2018-2027). The analyses have further quantified the tax's negative impact on consumers and employers, by adding to the cost of coverage purchased directly from a health insurance plan in the individual and employer markets, as well as beneficiaries in public programs like Medicaid and Medicare.

In December 2015, recognizing the growing impact of the health insurance tax on these constituents, Congress approved an omnibus appropriations bill ([H.R. 2029](#)) providing for a one-year suspension of the tax in 2017. The one-year suspension of the tax was enacted with strong bipartisan support in Congress. [[House vote](#); [Senate vote](#)]

The one-year suspension of the tax will expire at the end of 2017, but health plan products for 2018 are being finalized now. Building on this bipartisan support, it is important for Congress to take immediate action to continue the suspension of the health insurance tax into 2018, and beyond, to continue to improve the affordability of coverage for millions of consumers. Allowing a \$14.3 billion tax to resume in 2018 would saddle individual market consumers, small businesses, state Medicaid programs, and Medicare Advantage enrollees with higher health care costs.

Suspension of the Tax Improved Affordability for Consumers in 2017

The one-year suspension of the health insurance tax in 2017 was an important step toward improving affordability for consumers. A December 2015 [analysis](#) – broken down by coverage type – by the actuarial firm Oliver Wyman estimated that consumers would see an average annual savings of:

2017 Savings from HIT Suspension	
Individual Coverage	\$210
Small Group, Individual	\$270
Large Group, Individual	\$250
Medicaid	\$150
Medicare Advantage	\$350
Part D	\$16

Source: "Estimated Impact of Suspending the Health Insurance Tax from 2017-2020." Oliver Wyman, December 2015.

Opportunity for Additional Savings and Affordability in 2018 is Closing

Right now, health plans are finalizing their products for 2018. Congress has a short window of opportunity to improve the affordability of coverage for consumers by continuing to suspend the health insurance tax in 2018. Under current law, the total dollar amount of the health insurance tax is statutorily set at \$14.3 billion for 2018.

Suspend the Health Insurance Tax for 2018

An August 2017 Oliver Wyman [analysis](#) – broken down by coverage type – estimates that if the health insurance tax is reinstated in 2018, consumers will see an average premium increase of:

2018 Premium Increases due to HIT	
Individual Coverage	\$158
Small Group, Individual	\$185
Large Group, Individual	\$188
Medicaid	\$181
Medicare Advantage	\$245
Part D	\$21

Source: “Analysis of the Impacts of the ACA’s Tax on Health Insurance in 2018 and Beyond.” Oliver Wyman, August 2017.

A recent [study](#) by Health Management Associates demonstrated that the increase in Medicaid premiums due to a return of the tax in 2018 will result in an additional \$5.5 billion in increased costs to the states and the Federal government (who share the fiscal responsibility for the Medicaid program).

Allowing the health insurance tax to resume in 2018 will result in higher health care costs for consumers and send the wrong message about improving health care affordability. With health plans currently finalizing their products for 2018, it is important that Congress take immediate legislative action to repeal or suspend the health insurance tax. If the tax is not suspended or repealed, these products will have to factor in the cost of the health insurance tax for 2018.

Bipartisan Legislation to Repeal the HIT

In the 115th Congress, Representatives Kristi Noem (R-SD) and Kyrsten Sinema (D-AZ) introduced [H.R. 246](#) to permanently repeal the health insurance tax. This bill has already garnered support from over 150 Representatives in the House.

In the 114th Congress, over 35 senators sponsored [legislation](#) introduced by Senators John Barrasso (R-WY) and Orin Hatch (R-UT) to repeal the health insurance tax.