

United States Senate

WASHINGTON, DC 20510

November 29, 2018

Senator Mitch McConnell
Majority Leader
United States Senate
317 Russell Senate Office Building
Washington, DC 20510

Senator Chuck Schumer
Democratic Leader
United States Senate
322 Hart Senate Office Building
Washington, DC 20510

Dear Leader McConnell and Leader Schumer,

Lowering the cost of health insurance is an important priority. To help achieve this goal, we urge you to ensure Congress provides further relief from the tax on health insurance premiums in the lame duck.

The health insurance tax raises the costs for our constituents purchasing insurance in the fully insured market. This includes small businesses, individuals, and seniors receiving coverage through Medicare Advantage (MA). Congress has previously come together on a bipartisan basis to suspend collection of this tax, most recently passing a moratorium for 2019.

It is important for Congress to extend the health insurance tax moratorium once again. Unless Congress acts, insurance carriers will include re-imposition of the tax for 2020 as they begin the process of setting rates early next year. Absent further congressional action, the tax will result in higher health insurance premiums throughout insurance markets.

We are particularly concerned about the impact of this tax on our nation's small businesses and seniors. For example, in 2020, the average family employed by a small business will face a nearly \$480 premium increase. Over ten years, the additional premium cost for those families will add up to almost \$5,825.¹ Small businesses employ almost 59 million Americans and they should not be forced to face this consequential tax increase.²

In addition, seniors who rely on MA to access care will face increased premium costs of more than \$3,000 over the next decade.³ For millions of seniors and individuals with disabilities—many of whom are financially vulnerable and rely on fixed incomes with half relying on incomes below \$26,200—the MA program serves as a safety net that meets their health care needs while ensuring low out-of-pocket costs.⁴

¹ Analysis of the Impacts of the ACA's Tax on Health Insurance in Year 2020 and Later. Oliver Wyman. <https://health.oliverwyman.com/content/dam/oliver-wyman/blog/hls/featured-images/August18/Insurer-Fees-Report-2018.pdf>

² United States Small Business Profile, 2018. United States Small Business Administration Office of Advocacy. <https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-US.pdf>

³ Analysis of the Impacts of the ACA's Tax on Health Insurance in Year 2020 and Later. Oliver Wyman. <https://health.oliverwyman.com/content/dam/oliver-wyman/blog/hls/featured-images/August18/Insurer-Fees-Report-2018.pdf>

⁴ Income and Assets of Medicare Beneficiaries, 2016-2035. Kaiser Family Foundation. <https://www.kff.org/medicare/issue-brief/income-and-assets-of-medicare-beneficiaries-2016-2035/>

Looking ahead to 2020 and beyond, it is important for Congress to continue to focus on lowering health insurance premiums. This is especially important for small businesses and America's seniors. We strongly encourage you to ensure Congress addresses this priority in the final weeks of the 115th Congress.

Thank you for considering the urgent need for legislative action on this issue.

Sincerely,




John Barrasso
United States Senator



Doug Jones
United States Senator



Cory Gardner
United States Senator



Jeanne Shaheen
United States Senator