STOP THE HIT

Stop the HIT: Just the Facts

What is the HIT?

- The Health Insurance Tax (HIT) is one of the largest tax increases included in the Patient Protection and Affordable Care Act (PPACA) signed into law in 2010, which is projected to raise $159 billion in the first 10 years.

- This new tax begins in 2014 at $8 billion and is on a sliding scale reaching $14.3 billion in year 2018. The HIT does not sunset and is indexed thereafter.

Where does it HIT fall?

- The HIT will be levied on health insurance companies who operate in the fully insured marketplace, AND will be directly passed on to the small-business community because 88 percent of them purchase in that marketplace.[i]

- The HIT will impact 1.7 million small businesses,[ii] 11 million employees and the self-employed who purchase in the individual market[iii] and 23 million employees who are covered by their employer.[iv]

- A study by former CBO Director Doug Holtz-Eakin shows that, on average, the HIT will cost each family about $5,000 in higher premiums over the decade.[v]

What is the solution?

- Congress has provided relief from this burdensome tax for 2017. While this is an important step to protect consumers, Congress should focus on providing further relief in 2018 and beyond.

- **Senate Bill:** Senator John Barrasso of Wyoming and Senator Orrin Hatch of Utah have introduced S. 603, "The Jobs and Premium Protection Act." The legislation would repeal this tax enacted by the PPACA.

- **House Bill:** Representative Charles Boustany of Louisiana and Representative Jim Matheson of Utah have introduced H.R. 763, "The Jobs and Premium Protection Act." The legislation would repeal this tax enacted by the PPACA.

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[i] Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. 2011 Medical Expenditure Panel Survey-Insurance Component.
[ii] Ibid
[iii] Employee Benefit Research Institute Databook on Employee Benefits, Chapter 27, Table 27, 2010
[iv] Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. 2011 Medical Expenditure Panel Survey-Insurance Component
[v] Douglas Holtz-Eakin, *Higher Costs and the Affordable Care Act: The Case of the Premium Tax,* American Action Forum, March 9, 2011.