



## 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. The tax has increased in cost each year of its implementation.
- In total, the amount assessed and collected from the HIT is [projected to be over \\$260 billion](#) over the ten-year period of 2020 to 2029.<sup>i</sup>
- In 2020 alone, the HIT will [add an estimated \\$16 billion](#) to the cost of coverage for individuals, small businesses, families and Medicare Advantage seniors. The HIT does not sunset and is indexed based on premium trend thereafter.<sup>ii</sup>

### 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.<sup>iii</sup>
- The HIT will impact 1.7 million small businesses, 11 million employees and the self-employed who purchase in the individual market<sup>iv</sup> and 23 million employees who are covered by their employer.<sup>v</sup>
- 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.<sup>vi</sup>

### What is the solution?

- Congress has provided relief from this burdensome tax twice and should do so again before the tax returns in 2020. Suspending the tax is a critically important step to protect consumers, and Congress should focus on providing further relief in 2018 and beyond.
- Bipartisan legislation in the House (H.R. 5963) championed by Representatives Noem (R-SD), Sinema (D-AZ), Bera (D-CA) and Walorski (R-IN) and in the Senate (S. 3063) by Senators Barrasso (R-WY) and Heitkamp (D-ND) would provide critical cost savings to the 142 million Americans forced to pay higher insurance premiums as a result of the 2020 HIT.

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<sup>i</sup> Carlson, Chris, "Analysis of the Impacts of the ACA's Tax on Health Insurance in Year 2020 and Later," Oliver Wyman. August 2018.

<sup>ii</sup> Ibid

<sup>iii</sup> Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. 2011 Medical Expenditure Panel Survey-Insurance Component.

<sup>iv</sup> Employee Benefit Research Institute Databook on Employee Benefits, Chapter 27, Table 27, 2010

<sup>v</sup> Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. 2011 Medical Expenditure Panel Survey-Insurance Component

<sup>vi</sup> Douglas Holtz-Eakin, Higher Costs and the Affordable Care Act: The Case of the Premium Tax, American Action Forum, March 9, 2011.