



TX Health Plans Urge TX Congressional Delegation to Delay HIT

Description

Texas Health Plans Urge Texas Congressional Delegation to Delay the Onerous Health Insurance Tax

AUSTIN—Today, the Texas Association of Health Plans, sent the below letter on behalf of all health plans operating in Texas, to U.S. Senators and Representatives of the Texas Congressional delegation urging them to act swiftly to delay the onerous Health Insurance Tax. A copy of the letter can also be found [here](#).

TO: Members of the Texas Congressional Delegation

FROM: The Texas Association of Health Plans

Dear Senators and Representatives:

On behalf of all major commercial and public health plans operating in Texas, the Texas Association of Health Plans is strongly urging you to take action to delay and ultimately repeal the \$156 billion health insurance tax, or HIT, which—if allowed to go into effect in 2018 as scheduled—will directly raise health care costs for millions of hard-working men and women in Texas and across the country.

As you are aware, a bipartisan Congressional agreement in 2015 delayed the HIT for 2017, but without further action, it will go into effect January 1, 2018. Created by the Affordable Care Act, the HIT originated as an \$8 billion sales tax on the purchase of health insurance. In 2015, it increased to \$11.3 billion and is now projected to rise to \$14.3 billion in 2018.

The tax applies to health care coverage purchased in the fully insured market—the plans that 88 percent of small business owners purchase. Therefore, while messaged as a “health insurance fee,” in reality the HIT is a hidden tax on small businesses—the backbone of Texas’ and the nation’s economy. The tax will also deliver a direct blow to middle class families and even seniors on Medicare Advantage. If the HIT is allowed to go into effect, research shows small business owners will pay \$210 more per employee for health coverage and families will pay an extra \$530 per year, on average. It is estimated that roughly half of the HIT will be paid by individuals earning between \$10,000 and \$50,000.

Across the board, health care costs are rising dramatically—from prescription drugs to out-of-network emergency care and more. Rising healthcare costs translate directly into higher health insurance premiums for employers and consumers. As insurers consider future rate requests, they are already factoring in the current uncertainty in the health insurance market and the unclear future of the Affordable Care Act. The Kaiser Family Foundation has concluded that the HIT is an additional, critical factor insurers are considering when it comes to rate increases. With already half a million Texans unable to afford health coverage, the last thing our state needs is a \$14.3 billion health care tax in the coming year.

Pragmatically, we realize that a full repeal may be unattainable in the current political environment, but a large bipartisan majority has before agreed to a delay of this onerous tax. We are hopeful the same can be done to prevent this tax from going into effect next year, to prevent millions of Texans and Americans from incurring higher health care costs that could prove crippling to their family budgets.

Thank you for your leadership in seeking this delay, with the ultimate hope of a full repeal of this burdensome tax that makes already costly health care even more unaffordable for so many.

Sincerely,

Jamie Dudensing

CEO, Texas Association of Health Plans

Date Created

September 2017

Author

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