The U.S. Chamber of Commerce, the world’s largest business federation representing the interests of more than three million businesses and organizations of every size, sector, and region, supports the “Jobs and Premium Protection Act of 2013,” which would repeal the annual fee on health insurance providers enacted by the Patient Protection and Affordable Care Act (PPACA) under Section 9010. As with many of the other excise taxes included in the PPACA, the health insurance tax will not only affect access to coverage, but it will affect jobs and the economy.

Despite the innocuous heading – “Imposition of Annual Fee on Health Insurance Providers” – Section 9010 is a tax on small businesses. Because self-insured plans are exempt from this tax, it will affect primarily small businesses that purchase plans in the fully-insured market. This new yearly burden, which is expected to be $8 billion in 2014 and increasing annually to an estimated $14.3 billion in 2018, will be passed on to small business in the form of higher premiums. This is money that could be spent paying employees higher wages, purchasing equipment, and hiring more employees – investments that would grow the economy and get more Americans back to work.

This new tax will not only lead to higher premiums, but will also undercut many of the goals of health care reform. This tax will further penalize employers for offering health insurance coverage and incentivize employers to consider dropping coverage which their employees value. Despite claims that this reform would build on the current employer-sponsored system and allow people to keep their current plan, this tax will further disrupt employer-sponsored health insurance.

The Chamber applauds your commitment to small business and thanks you for introducing this important legislation. We look forward to working with you and your colleagues to repeal this onerous tax and protect the role of small business in job creation and access to affordable health care coverage.

Sincerely,

R. Bruce Josten