

United States Senate

February 28, 2019

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

Senator Charles E. Schumer
Democratic Leader
United States Senate
22 Hart Senate Office Building
Washington, DC 20510

Senator Chuck Grassley
Chairman
United States Senate
135 Hart Senate Office Building
Washington, DC 20510

Senator Ron Wyden
Ranking Member
United States Senate
221 Dirksen Senate Office Building
Washington, DC 20510

Dear Leaders McConnell and Schumer, Chairman Grassley, and Ranking Member Wyden,

As the newest members of the U.S. Senate, we write to urge quick action to address the return of the health insurance tax (HIT). Rising health care costs remain a primary concern for American families and small businesses – a message we hear frequently back home. Delaying the HIT for 2020 and beyond would be one way to be immediately responsive to our constituents' concerns and demonstrate our bipartisan commitment to lower health care costs for millions of Americans across the country.

Congress has come together in the past on a bipartisan basis to provide relief from the health insurance tax, most recently passing a moratorium of the tax for 2019 as a part of a larger spending package (P.L. 115-120). Without Congressional action this year however, the health insurance tax will be reinstated next year. Insurance carriers are already factoring in the additional tax for the process of setting 2020 rates. The health insurance tax will result in higher health insurance premiums totaling \$20.3 billion for 142 million Americans nationwide. The brunt of these costs will get passed down to the everyday consumer, whether they purchase their own health insurance, get it from their employer, or enroll in a Medicare Advantage (MA) plan.

The impact will be particularly harmful for small businesses and seniors. For example, recent analysis estimates the health insurance tax will add an additional \$479 for family coverage for small business owners and their employees. Small businesses are the backbone of this country and cannot afford this additional tax.

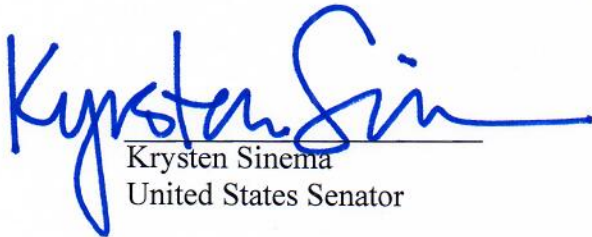
On seniors, the impact of rising health care costs will be devastating to those on fixed incomes. If Congress had not acted to stop the health insurance tax for 2019, seniors covered by an MA plan would have seen overall annual premiums rise by 55.7 percent. For an average elderly couple, both in an MA plan, this would mean an additional \$500 in annual premium costs. Seniors have worked hard their entire lives and shouldn't have to bear the burdens of this additional tax on their health care coverage. Additionally, a re-imposition of the tax in 2020 would mean a net cut


to the MA program threatening the stability of a program that 22.4 million seniors and individuals with disabilities rely on.


Our states and taxpayers will also bear the brunt of increased costs. It is estimated that Medicaid costs will increase almost \$4.4 billion in 2020 because of the health insurance tax and states will incur an additional cost of \$157 for each of the 27.7 million insured Medicaid enrollees. These are additional burdens our states can ill-afford.

Acting early this session to extend the moratorium on the HIT for 2020 and beyond would be an important step Congress could take now to protect millions of Americans from higher health care costs. Therefore, we urge leadership in the Senate to provide further relief from the tax on health insurance premiums to prevent substantial cost increases for our seniors, small businesses, and the hard-working families we represent.

Sincerely,

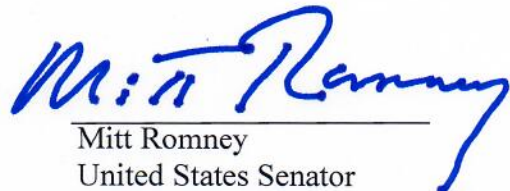

Krysten Sinema
United States Senator


Kevin Cramer
United States Senator


Marsha Blackburn
United States Senator


Mike Braun
United States Senator


Martha McSally
United States Senator


Mitt Romney
United States Senator


Jacky Rosen
United States Senator