



AMERICANS *for* TAX REFORM

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March 1, 2016

The Honorable Paul D. Ryan
Speaker of the House
U.S. House of Representatives
H-232, The Capitol
Washington, D.C. 20515

The Honorable Kevin Brady
Chairman, Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
S-230, The Capitol
Washington, D.C. 20510

The Honorable Orrin G. Hatch
Chairman, Committee on Finance
U.S. Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Speaker Ryan, Leader McConnell, Chairman Brady, and Chairman Hatch:

Obamacare has failed. The law has led to higher healthcare costs, cancelled plans, and more than one trillion in tax increases which hit millions of middle class families. It is imperative that Congress moves forward with repealing Obamacare and replacing it with patient centered, free market healthcare reforms, like those outlined in the “Better Way” Healthcare plan.

As you move forward with legislation, I urge you to keep several important changes to the tax code as a priority.

First, it is imperative that repeal of Obamacare results in the repeal of ALL Obamacare taxes.

Second, policymakers should use the tax code to increase individual choice and freedom Americans have over healthcare through strengthening tax preferred savings accounts.

Repeal is A Giant Tax Cut for American Families and Businesses: There are nearly 20 new or higher taxes that hit [middle class families](#), raise the cost of healthcare, and reduce access to care in Obamacare. In total, these taxes exceed one trillion dollars (\$1,000,000,000,000) over a decade.

The law imposes a tax on employer provided care, a tax on innovative medicines, a tax for failing to buy government-mandated insurance, a new tax on health insurance, a tax on medical devices, taxes on Health Savings Accounts and Flexible Spending Accounts, and even a tax hike on Americans facing high medical bills.

Repealing these taxes will provide much needed relief to the paychecks of families across the country. Repealing Obamacare will also undo former President Barack Obama’s [broken promise](#) not to sign “any form of tax increase” on any middle class American family.

Health Savings Accounts Should Be Expanded: When it was signed into law, Obamacare contained several provisions to restrict tax advantaged Health Savings Accounts. For instance, the law prevented families from using HSA dollars to purchase over-the counter medicines, imposed a cap on Flexible Spending Accounts, and implemented an early withdrawal tax hike on HSA users.

Lawmakers should not only prioritize repeal of provisions that limit HSAs – they should also implement proposals that expand and strengthen savings accounts.

HSAs are a [key component](#) to ensuring Americans have access to patient centered health care that best fits their needs and keeps costs low. Healthcare costs are usually paid indirectly by Americans, but HSAs give families direct control to use funds as they see fit. In turn, this increases the ability of Americans to use these funds in a way that is most efficient and appropriate for the individual.

One path forward should be [adopting](#) the proposals outlined in the House Republican “Better Way” healthcare blueprint. This plan expands HSAs to new groups like veterans and Native American Indians, dramatically increases the contribution limits for HSAs so they can be relied on to cover more medical costs, ties tax credits to savings accounts, and exempts HSAs from the high level cap on employer provided insurance. In concert with other reforms in the blueprint, including a more efficient age-adjusted, advanced refundable tax credit, HSAs serve as an important tool toward granting Americans increased choice, lower costs, and greater access.

As you move forward with legislation overhauling the nation’s healthcare system, I urge you to prioritize repealing all one trillion dollars in Obamacare taxes and strengthening tax advantage Health Savings Accounts. Both policy changes should be key components of any transformation of the American healthcare system.

Onward,

A handwritten signature in black ink, appearing to read 'G. Norquist', written in a cursive style.

Grover Norquist
President, Americans for Tax Reform