

36 Conservative Groups and Activists: Delay Obamacare's Health Insurance Tax and Medical Device Tax

August 10, 2017

AMERICANS
for TAX REFORM



The Honorable Paul D. Ryan
Speaker, United States House of Representatives
H-232, The Capitol
Washington, D.C. 20515

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

Dear Speaker Ryan & Leader McConnell:

We write to urge you to prevent Obamacare's tax on Americans' health insurance and the medical device tax from going into effect in 2018. Unless Congress acts soon, both tax increases will go into effect on January 1, 2018, leading to higher premiums and higher costs for middle class families, seniors, and small businesses.

Ideally, both the health insurance tax and medical device tax should be repealed permanently, as should all one trillion dollars of Obamacare taxes. However, given the recent collapse of healthcare reform legislation, lawmakers should act to delay these two taxes so they do not hit taxpayers in 2018.

Allowing the health insurance tax to go into effect in 2018 will directly hurt middle and low-income families. Half of the tax is [paid](#) by those earning less than \$50,000 a year and it will increase premiums by \$5,000 per family over the next decade according to research by the [American Action Forum](#).

In total, the tax hits 11 million households that purchase through the individual insurance market and 23 million households covered through their jobs. Next year alone, the tax will total [\\$14.3 billion](#). Over a decade, these taxpayers will pay roughly \$150 billion more if the tax is not repealed.

The health insurance tax is also devastating to small businesses. It is estimated to [directly impact](#) as many as 1.7 million small businesses. According to the [National Federation of Independent Business](#), the tax could cost up to 286,000 in new jobs and cost small businesses \$33 billion in lost sales by 2023.



The 2.3 percent medical device tax is also harmful to small businesses. There are more than 6,500 medical device companies in the U.S., [80 percent](#) of which have fewer than 50 employees. The industry contributes \$150 billion annually to the economy. The tax impairs the industry’s ability to innovate, invest, and create jobs.

If Congress allows it to go into effect in 2018, the medical device tax could lead to more than [25,000 lost jobs](#) by 2021. Over the next decade, this excise tax is projected to increase taxes by \$30 billion.

Small businesses [account](#) for half of all jobs in the U.S. and two-thirds of new jobs in recent decades, so the health insurance tax and medical device tax mean businesses are able to spend less on new workers, higher wages, or new equipment.

Absent full repeal, Congress must use the remaining months of the year to delay the health insurance tax and medical device tax so they do not go into effect in 2018 and [increase taxes](#).

Congress’ failure thus far to repeal Obamacare taxes – including the tax on Americans facing high medical bills, taxes on health savings accounts, a tax on prescription medicines, and the tax for failing to buy health insurance—have already been devastating to American families, seniors, and businesses.

As you continue working to repeal these taxes, the last thing taxpayers need is even more taxes to go into effect.

Sincerely,

Grover Norquist
President, Americans for Tax Reform

James L. Martin
Founder & Chairman, 60 Plus Association

Leigh Hixon
Senior Director of Policy Relations, Alabama Policy Institute

Lisa B. Nelson
CEO, American Legislative Exchange Council

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*Former Speaker, New Hampshire House of Representatives
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The Honorable Stephen Stepanek
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Director, Center for Health Care Policy, Texas Public Policy Foundation

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