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# The Health Insurance Tax

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**\$101.7 Billion Tax on Health Plans  
(2014-2023)**

## Amount:

- \$8 Billion (2014), \$11.3B (2015 & 2016), \$13.9B (2017), \$14.3B (2018) and indexed to growth in premiums thereafter.

## Applies to:

- All Fully Insured Health Plans
  - Medicare Advantage Plans
  - Medicaid Managed Care Plans
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# The Health Insurance Tax Is Larger than All the Other Industry Specific Taxes Combined

## How It Impacts the Economy<sup>1</sup>

## How It Impacts You<sup>2</sup>

Individual



<sup>1</sup> Effects of the PPACA Premium Tax on Small Businesses and Their Employees, <http://www.nfib.com/Portals/0/PDF/AllUsers/research/studies/ppaca/health-insurance-tax-study-nfib-2011-11.pdf>  
<sup>2</sup> Estimated Premium Impacts of Annual Fees Assessed on Health Insurance Plans, <http://www.ahip.org/Workarea/linkit.aspx?ItemID=2147483716>. The Oliver Wyman study examined the ten year period from 2014-2023.

# Health Insurance Tax:

MAKING HEALTH CARE MORE EXPENSIVE FOR CALIFORNIA

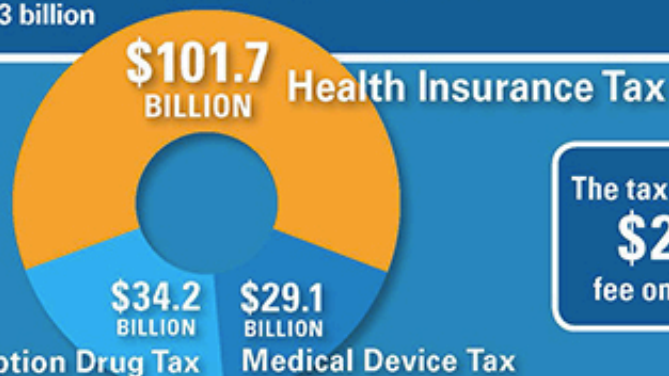
TIME FOR  
**AFFORDABILITY.**

## What Is the Health Insurance Tax?

The health care reform law imposes a massive new sales tax on health insurance which will increase the cost of coverage for individuals, small businesses, and public program beneficiaries with private insurance. The tax begins at \$8 billion in 2014 and rises to \$14.3 billion

in 2018, increasing annually thereafter based on premium growth. The Joint Committee on Taxation projects that between 2013 and 2022 the new tax will total \$101.7 billion.

## The Health Insurance Tax Is Larger than All the Other Industry Specific Taxes Combined



The tax will impose a  
**\$22 Billion\***  
fee on Californians

## How It Impacts the National Economy<sup>1</sup>

Reduce future private sector employment by 125,000

**59%** of jobs created would have been at small employers

Reduce potential sales by at least **\$18 billion**

**50%** of lost sales would have been made by small employers

## How It Impacts Californians<sup>2</sup>

IF YOU PURCHASE COVERAGE IN CALIFORNIA >>>	ON YOUR OWN	THROUGH A SMALL EMPLOYER	THROUGH A LARGE EMPLOYER
Individual 	Average increase in premiums of <b>\$1,954</b> over 10 years.	Average increase in premiums of <b>\$2,792</b> over 10 years.	Average increase in premiums of <b>\$2,566</b> over 10 years.
Family 	Average increase in premiums of <b>\$4,909</b> over 10 years.	Average increase in premiums of <b>\$6,916</b> over 10 years.	Average increase in premiums of <b>\$7,141</b> over 10 years.



**IF YOU HAVE A Medicare Advantage plan**, the tax could cost you on average **\$3,847** more in higher premiums and reduced benefits over 10 years.



**MEDICAID health plan costs** could increase **\$971** over 10 years, putting pressure on already strained state budgets, which could lead to decreased benefits and potentially create coverage disruption.

\* 10 year impact

<sup>1</sup> Effects of the PPACA Premium Tax on Small Businesses and Their Employees, [http://www.nfb.com/Portals/0/PDF/AllUsers/research/studies/ppaca/health\\_insurance\\_tax\\_study\\_nfb-2011-11.pdf](http://www.nfb.com/Portals/0/PDF/AllUsers/research/studies/ppaca/health_insurance_tax_study_nfb-2011-11.pdf)

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# Thank You!

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More Information can be found at  
*[www.ahip.org/Affordability](http://www.ahip.org/Affordability) and [www.ahipcoverage.com](http://www.ahipcoverage.com)*

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