



February 3, 2017

The Honorable Mike Kelly (R-PA)
1707 Longworth House Office Building
Washington, DC 20515

The Honorable Joe Courtney (D-CT)
2348 Rayburn HOB
Washington, DC 20515

The Honorable Dean Heller (R-NV)
324 Hart Senate Office Building
Washington, DC 20510

The Honorable Martin Heinrich (D-NM)
303 Hart Senate Office Building
Washington, DC 20510

Dear Representatives Kelly and Courtney and Senators Heller and Heinrich:

The National Business Group on Health (Business Group) writes in strong support of your bipartisan bills ([H.R.173](#) and [S.58](#)) that would eliminate the 40 percent tax on health benefits imposed by the Patient Protection and Affordable Care Act (ACA). We believe that any tax that raises the cost of health benefits will harm the more than 150 million Americans who rely on and value employer-sponsored health coverage and should be eliminated.

According to our recent 2017 Employers' Health Plan Design Survey, absent plan changes, 53% of companies will have at least one plan that triggers the tax in 2020 and 73% will in 2022. In a few short years, if the tax is not repealed, it will affect nearly 100% of employer plans since the tax is indexed to general inflation, not medical inflation, which is consistently much higher.

Furthermore, the National Business Group on Health, which represents 414, primarily large, employers (including 69 of the Fortune 100) who voluntarily provide health benefits and other health programs to over 55 million American employees, retirees, and their families, believes that not only is this tax flawed, it is also not the most effective way to tackle rising health care costs. Rather than focus on demand-side taxes that will raise costs for working Americans and their employers, Congress should focus on supply-side drivers of medical inflation and unnecessary costs including:

- Eliminating fee-for-service payment in Medicare, which still predominates;
- Ridding Medicare of perverse financial incentives that pay physicians and hospitals more for more expensive treatments in higher cost settings when less expensive alternatives of the same or better quality are available;
- Increasing the scrutiny of health system consolidations that unduly raise costs;
- Supporting lower-cost alternative sources of primary care (telehealth, nurse practitioners, community-based clinics, etc.); and
- Enacting comprehensive health care legal reform.

Again, the National Business Group on Health appreciates your efforts to enact (H.R.173 and S.58). Please contact me or Steven Wojcik, the National Business Group on Health's Vice

President of Public Policy, at (202) 558-3012, if you would like to discuss our comments in more detail.

Sincerely,

A handwritten signature in black ink that reads "Brian J. Marcotte". The signature is fluid and cursive, with a long horizontal stroke at the end.

Brian J. Marcotte
President and CEO

CC: The Honorable Patrick Meehan (R-PA)
The Honorable Mark Meadows (R-PA)
The Honorable Lou Barletta (R-PA)
The Honorable Tom Emmer (R-MN)
The Honorable Katherine Clark (D-MA)
The Honorable Debbie Dingell (D-MI)
The Honorable Keith Ellison (D-MN)
The Honorable John Larson (D-CT)
The Honorable Jose Serrano (D-NY)
The Honorable Chellie Pingree (D-ME)