



March 9, 2017

The Honorable Paul Ryan (R-WI)
Speaker
U.S. House of Representatives
1233 Longworth House Office Building
Washington, DC 20515

The Honorable Kevin Brady (R-TX)
Chairman
Committee on Ways and Means
U.S. House of Representatives
1011 Longworth House Office Building
Washington, DC 20515

The Honorable Greg Walden (R-OR)
Chairman
The Energy and Commerce Committee
U.S. House of Representatives
2185 Rayburn House Office Building
Washington, DC 20515

Dear Speaker Ryan and Chairmen Brady and Walden:

The National Business Group on Health (Business Group) writes in support of [your reconciliation legislation](#) that would eliminate the ACA's direct and indirect taxes on employer-sponsored coverage and delay the ACA's excise until 2025. However, our ultimate goal is repeal of the ACA's excise tax in its entirety and [we strongly support the bipartisan effort to enact legislation \(H.R.173 and S.58\)](#). We also applaud the House for not including a cap on employees' income tax exclusion for employer-sponsored benefits, which would raise taxes for many employees.

The National Business Group on Health represents approximately 412, primarily large, employers (including 70 of the Fortune 100) who voluntarily provide affordable health benefits and other health programs to over 55 million American employees, retirees, and their families.

ACA Taxes

The National Business Group on Health believes 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 benefits as a source of stable, affordable coverage and should be eliminated. Therefore, we strongly support the following provisions:

- Delaying the effective date of the 40% excise tax on the value of employer plans above the government-determined amount from 2020 to 2025;
- Eliminating penalties associated with the employer mandate retroactive to 2016;
- Eliminating health industry taxes beginning in 2018; and
- Reinstating the business expense deduction for the value of the federal subsidy to employers for retiree prescription drug costs beginning in 2018.

Health Account Enhancements

Our members strongly support consumer-directed health plans, which encourage employees and their families to be prudent health care consumers and to save for future health care expenses. According to our most recent [NBGH Health Plan Design Survey](#), in 2017 84% of large employers offer a consumer-directed or HSA-qualified health plan. Therefore, we strongly support the following provisions:

- Increasing health savings account (HSA) contributions limits to the out-of-pocket maximums beginning in 2018;
- Repealing the limits on flexible spending account (FSA) contributions;
- Allowing both spouses to make catch-up contributions to the same HSA;
- Allowing for retroactive payment of medical expenses by an HSA for the first 60 days in which an individual is covered by a qualified plan even if the HSA account has not yet been opened; and
- Repealing the ban on the use of health accounts for over-the-counter medications beginning in 2018.

We would encourage Congress to include additional health account improvements from recently introduced legislation ([S.403](#) and [H.R.1175](#)) from your colleagues Senators Orrin Hatch (R-UT) and Marco Rubio (R-FL) and Representative Erik Paulsen (R-MN).

Coverage Expansion

We appreciate that your plan gives those that have gained coverage via Medicaid expansion or the exchanges a longer, smoother transition to alternative sources of coverage after three years. Additionally, we support making tax credits available to those who don't have an offer of employer-sponsored coverage as it mitigates adverse selection issues against employer plans. Through these provisions and other provisions that fund the states to stabilize their individual and small group markets and for safety net providers, we encourage Congress and the states to take actions that reduce number of uninsured.

Additionally, as Congress develops funding mechanisms to pay for coverage expansion we urge you to focus on eliminating 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.

The National Business Group on Health appreciates your efforts to eliminate the ACA taxes on employer-sponsored coverage, enhance health accounts and ensure a smooth

transition to alternative sources of coverage. Outside of the reconciliation process, we encourage Congress to pass the legislation to eliminate the ACA's excise tax and enhance health accounts. Please contact 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 written in a cursive style with a long, sweeping underline.

Brian J. Marcotte
President and CEO

The Honorable Mike Kelly (R-PA)
The Honorable Joe Courtney (D-CT)
The Honorable Dean Heller (R-NV)
The Honorable Martin Heinrich (D-NM)
The Honorable Orrin Hatch (R-UT)
The Honorable Marco Rubio (R-FL)
The Honorable Erik Paulsen (R-MN)