



**Opening Statement of
Chairman Chris Collins
Subcommittee on Health and Technology
Committee on Small Business
Hearing: “Health Insurance Fee”
May 9, 2013**

Good morning. I call this hearing to order.

We are joined on the dais today by our colleagues, Congressman Jim Matheson of Utah, who will introduce one of our witnesses.

Welcome to all of our witnesses. A special thanks to Dean Norton, President of the New York Farm Bureau from Elba, New York, which I am honored to represent.

Today, we meet to examine the health care law’s new fee on health insurance, which was included as a way to finance the health care law.

Beginning in 2014, the law assesses a fee on health insurance providers which, across the industry, totals \$8 billion, increases to \$14.3 billion in 2018, and will continue to increase every year. The nonpartisan Joint Committee on Taxation estimates the fee will exceed \$100 billion over the next ten years.

Both the Joint Committee on Taxation and the Congressional Budget Office have said they expect a very large portion of this fee to be passed through to the purchasers of insurance in the form of higher premiums, driving up the cost of insurance for families in all regions and small businesses in all sectors.

Why is this a problem for small businesses? The health care law exempts self-funded insurance plans from the fee, but it applies to fully-funded ones. Small business owners typically do not have a large enough pool to self-insure, so they face higher premiums in a fully-funded group plan – precisely the plans to which the tax applies. Of course, small business owners with more than 50 full time equivalent employees have the “choice” not to offer coverage -- but will pay the employer mandate penalty.

In fact, a March 2013 study released by the National Federation of Independent Business Research Foundation estimates the fee will raise the cost of employer-sponsored insurance by 2 to 3% in 2014, imposing a cost of nearly \$5,000 per family by 2020. The study also predicts that price increases caused by the fee will reduce private sector employment by up to 262,000 jobs by 2020, with the majority of losses falling in the small business sector. We are pleased to have a witness from NFIB here today to discuss the study’s findings in greater detail. We will also hear from small business owners about the burden of the fee.

The Joint Committee on Taxation has said this fee is essentially an excise tax based on the sales price of health insurance – so it will not be tax deductible. The Joint Committee estimated that repealing the fee would reduce the premium prices of plans by 2 to 2.5% per year, and eliminating the fee could reduce the average family premium in 2016 by \$350 to \$400.

To put this issue in context, we note that according to the U.S. Chamber of Commerce's Quarterly Small Business Survey, the numerous requirements of the health care law are now the biggest concern for U.S. small businesses, bumping "economic uncertainty" from the top spot after two years. These are the small businesses -- our nation's best job creators – that we are relying on to bring our still anemic economy back. They are the same small businesses whom we are asking to shoulder more and more mandates, taxes, regulations and cost increases.

Representative Charles Boustany has introduced bipartisan legislation -- H.R. 763 -- to repeal this annual fee on health insurers. I urge my colleagues here to join with me and over one hundred other Members of the House in cosponsoring this bill.

Again, we thank our witnesses for being here today. Now I yield to Ranking Member Hahn for her opening statement.