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July 16, 2019

Dear Representative:

On behalf of NFIB, the nation's leading small business advocacy organization, I write in support of H.R. 748, the *Middle Class Health Benefits Tax Repeal Act of 2019*. This legislation repeals the 40 percent excise tax on employer-sponsored health insurance, also known as the "Cadillac tax." **This bill will be considered an NFIB Key Vote for the 116th Congress.**

The cost of health insurance continues to be the number one problem for small business owners, according to NFIB's *Problems and Priorities* survey.¹ As health insurance costs increase, fewer small business owners are able to offer coverage to employees. In 2010, 39 percent of small businesses offered health insurance.² In 2018, fewer than 30 percent of small businesses offered coverage, a net decrease of 24 percent.³ The Cadillac tax will exacerbate this trend. Health insurance cost increases will accelerate as more small businesses are subject to the Cadillac tax.

The Cadillac tax will also be an administrative nightmare for small business owners. Early guidance from the Internal Revenue Service (IRS) proposed requiring small business owners to calculate their tax liability, notify the IRS and health insurers of their tax liability, and remit the tax liability to the health insurers.⁴ Small business owners do not have time or resources for significant new compliance and reporting burdens.

NFIB supports passage of H.R. 748 and will consider a vote in favor of the legislation as an NFIB Key Vote for the 116th Congress. H.R. 748 will help mitigate health insurance cost increases and relieve administrative burdens for small business owners and employees. We look forward to working with you to protect small business as the 116th Congress moves forward.

Sincerely,

A handwritten signature in black ink that reads "Juanita D. Duggan". The signature is fluid and cursive.

Juanita D. Duggan
President & CEO
NFIB

¹ Holly Wade, *Small Business Problems and Priorities*, NFIB Research Foundation, August, 2016, <https://www.nfib.com/assets/NFIB-Problems-and-Priorities-2016.pdf>.

² Medical Expenditure Panel Survey (MEPS), Table I.A.2, Agency for Healthcare and Research Quality, HHS, 2010, https://meps.ahrq.gov/data_stats/summ_tables/insr/national/series_1/2010/tia2.pdf.

³ Medical Expenditure Panel Survey (MEPS), Table I.A.2, Agency for Healthcare and Research Quality, HHS, 2018, https://meps.ahrq.gov/data_stats/summ_tables/insr/national/series_1/2018/tia2.pdf.

⁴ Notice 2015-16, Section 4980I – Excise Tax on High Cost Employer-Sponsored Health Insurance, IRS, February 17, 2016, <https://www.irs.gov/pub/irs-drop/n-15-16.pdf>.