

# Health Insurance Tax:

MAKING HEALTH CARE MORE EXPENSIVE FOR NORTH DAKOTA

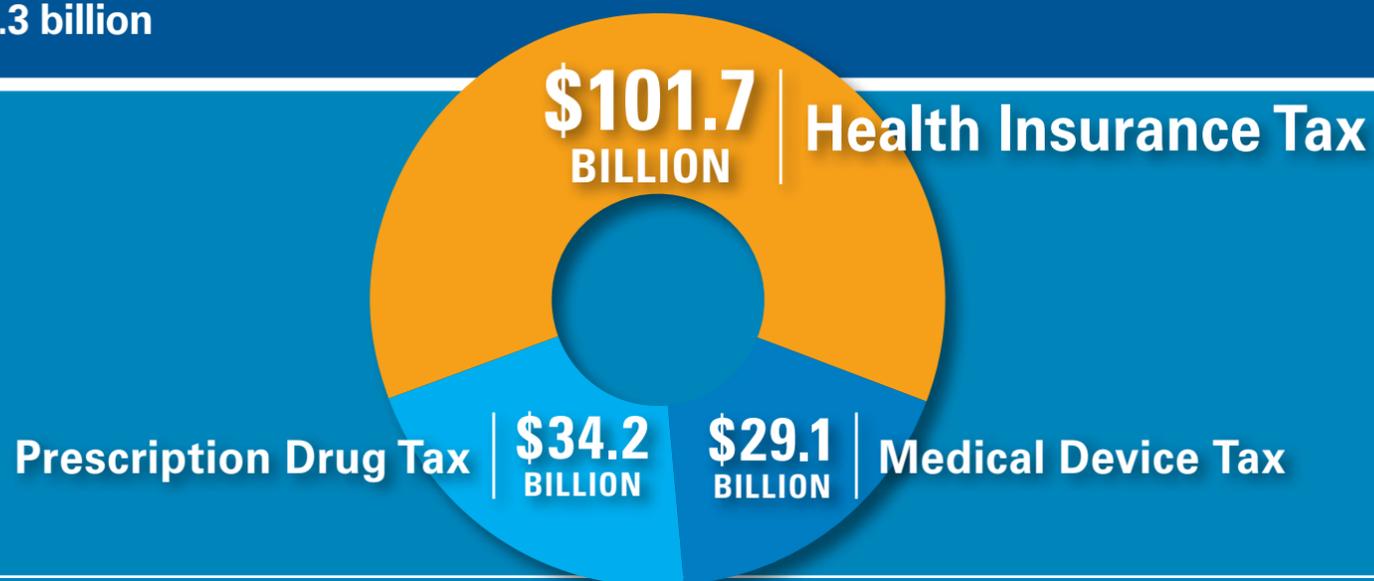


## What Is the Health Insurance Tax?

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



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

Reduce future private sector employment by 146,000 to 262,000 jobs by 2022

Reduce potential sales between \$19 billion and \$35 billion by 2022

## How It Impacts North Dakotans<sup>2</sup>

| IF YOU PURCHASE COVERAGE IN NORTH DAKOTA >> | ON YOUR OWN                                                   | THROUGH A SMALL EMPLOYER                                      | THROUGH A LARGE EMPLOYER                                      |
|---------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|
| Individual                                  | Average increase in premiums of <b>\$1,891</b> over 10 years. | Average increase in premiums of <b>\$1,994</b> over 10 years. | Average increase in premiums of <b>\$2,518</b> over 10 years. |
| Family                                      | Average increase in premiums of <b>\$4,279</b> over 10 years. | Average increase in premiums of <b>\$4,930</b> over 10 years. | Average increase in premiums of <b>\$6,481</b> over 10 years. |

**MEDICARE 65+ YEARS** **If you have a Medicare Advantage plan, the tax could cost you on average \$2,795 more in higher premiums and reduced benefits over 10 years.**

<sup>1</sup> Effects of the PPACA Premium Tax on Small Businesses and Their Employees: An Update, <http://www.nfib.com/Portals/0/PDF/AllUsers/research/studies/ppaca/health-insurance-tax-study-nfib-2013-03.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.

# North Dakota

**Median Annual Income**  
**\$53,827**

**Median Annual Income National Ranking**  
**19th**

**Population Under 400% of the Poverty Level\***  
**59%**

\* Individuals under 400% of the poverty level will be eligible for subsidies under the Exchanges  
Source: Kaiser Family Foundation, 2011

## State Premium Tax Collected

**\$42,819,000**

Note: Includes state premium taxes collected from all types of insurance companies, including health insurance. This does not include the federal health insurance tax.

Source: US Census Bureau, 2012

## Commercial Market Coverage<sup>a</sup>

**Fully Insured 35.7%**

**Self Funded 64.3%**

Source: Oliver Wyman report "Annual Tax on Insurers Allocated By State" November 2012 based on data from Health Leaders-InterStudy Managed Market Surveyor-July 2011

|                                 |                                                |                                                             |
|---------------------------------|------------------------------------------------|-------------------------------------------------------------|
| <b>Jobs in Health Insurance</b> | <b>Direct (Paid Employees)</b><br><b>1,750</b> | <b>Other Insurance-Related Jobs</b><br><b>2,559</b>         |
| <b>Payroll</b>                  | <b>Direct Jobs</b><br><b>N/A<sup>b</sup></b>   | <b>Other Insurance-Related Jobs</b><br><b>\$115,086,972</b> |
| <b>Average Wage</b>             | <b>Direct Jobs</b><br><b>N/A</b>               | <b>Other Insurance-Related Jobs</b><br><b>\$44,982</b>      |

Source: U.S Census Bureau, 2011

## Covered Lives

|                                       |                |
|---------------------------------------|----------------|
| <b>Large Group<sup>1</sup></b>        | <b>297,895</b> |
| <b>Small Group<sup>1</sup></b>        | <b>64,705</b>  |
| <b>Individual Insured<sup>1</sup></b> | <b>61,900</b>  |
| <b>HSA/HDHP<sup>2</sup></b>           | <b>30,387</b>  |
| <b>Medigap<sup>3</sup></b>            | <b>51,434</b>  |
| <b>Medicare Advantage<sup>4</sup></b> | <b>3,340</b>   |

Source:

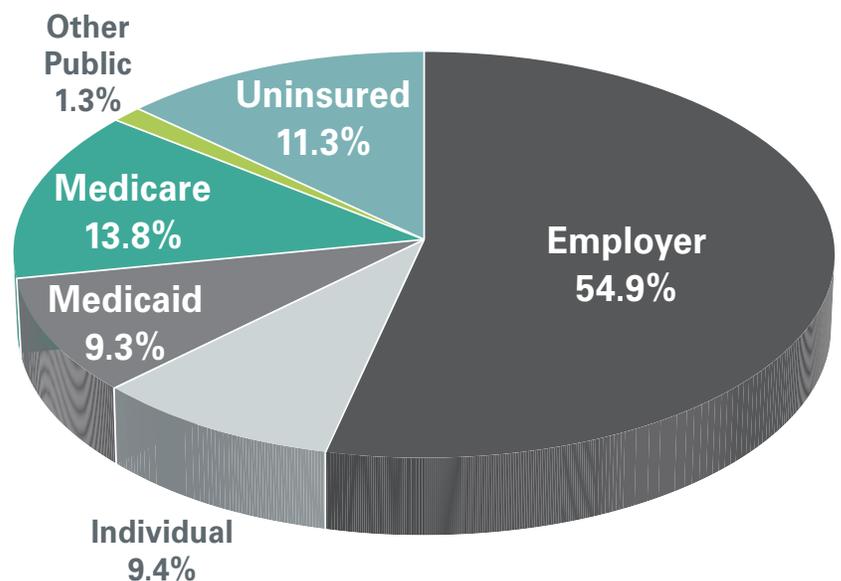
<sup>1</sup> Data provided by Oliver Wyman and Kaiser Family Foundation with analysis conducted by AHIP for The Center for Consumer Information and Insurance Oversight (CCIIO) report, 2012

<sup>2</sup> AHIP report, "January 2013 Census Shows 15.5 Million People Covered by Health Savings Account/High-Deductible Health Plans (HSA/HDHPs)," June 2013 (enrollment includes individual and group coverage).

<sup>3</sup> AHIP analysis of the National Association of Insurance Commissioners' (NAIC) Medicare Supplement Insurance Experience Exhibit, for the Year End December 31, 2011. AHIP report, "Trends in Medigap Coverage and Enrolment, 2012", May 2013

<sup>4</sup> CMS data, July 2013

## Health Insurance Coverage



Source: Analysis provided by the Kaiser Family Foundation and made available through the State Health Facts report, "Health Insurance Coverage of the Total Population" based on data from Urban Institute and Kaiser Commission on Medicaid and the Uninsured, 2011