



June 3, 2014

Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania Ave, NW
Washington, DC 20004

Dear Members of the D.C. City Council:

The members of the undersigned organizations write today to express our disappointment with the D.C. City Council's unanimous support PR20-0744 – *Health Benefit Exchange Authority Financial Sustainability Emergency Declaration Resolution of 2014* on Tuesday, May 6, 2014.

Since the passage of the *Affordable Care Act* (ACA), the NASE has proactively engaged in its implementation in order to ensure our members – and the millions of self-employed and micro-businesses nationwide -- have access to comprehensive and affordable health care coverage. Unfortunately, the recent vote by the D.C. City Council to approve a 1% tax on all health-insurance carriers with gross receipts of \$50,000 or more within the District of Columbia is short-sighted. Ultimately, it hurts those individuals who stand to benefit most from the consumer protections already provided for in the ACA.

While we appreciate the D.C. Health Benefit Exchange Authority's efforts to develop a budget streamline to support the DC Health Link exchange program before federal grant money is no longer available, the decision to tax all providers offering health insurance in the District of Columbia adds to the operating costs of a D.C. small business.

It is not unreasonable to assume this 1% tax on health-insurance carriers will be immediately tacked on to the premium costs paid by the policyholder. Given the estimated fluid nature of the health insurance premium marketplace and continued concerns and efforts by the self-employed and micro-business community to contain costs, this additional tax is unwelcome and counter-productive to achieving the Authority's goals.

It also should be brought to the attention of the D.C. City Council that the decision to tax "all health insurance carriers" and not just those operating within the D.C. exchange could be in violation of the law and could result in a costly lawsuit that the City will have to defend.

As the Council works to be good stewards of the District's fiscal health while balancing the commitment to the D.C. Health Benefit Exchange Authority, we hope that you will engage in a thoughtful process to address our concerns and ensure that no business owner is unfairly taxed out of operating within the District of Columbia.

Sincerely,

American Independent Business Coalition
National Association for the Self-Employed
Southern Consumers Alliance