



**WRITERS
GUILD OF
AMERICA, WEST**

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EXECUTIVE DIRECTOR
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December 10, 2015

The Honorable Joseph Courtney
2348 Rayburn HOB
Washington, DC 20515

Dear Representative Courtney:

Writers Guild of America, West, Inc. (“WGAW”) is writing to express its strong support for your bill, H.R. 2050, the Middle Class Health Benefits Tax Repeal Act of 2015, to repeal the Affordable Care Act’s (“ACA”) 40% excise tax (“Tax”) on “high cost” health plans. The Tax will undermine the intent of the ACA by making health care *less* affordable for our members and the millions of Americans with employer-provided health insurance by forcing benefit cuts and increasing out-of-pocket costs. It will further shift the burden of rising health costs onto workers while failing to address the root causes. To protect workers across the country, Congress must repeal the Excise Tax.

The U.S. economy’s growth is slowed by skyrocketing health care cost inflation. We spend 17% of GDP on health care, a figure that is predicted to rise to nearly 20% by 2024.¹ This is almost two times the median expenditure of other industrialized nations.² What is the proper solution? The theory behind the Excise Tax is that individual Americans overuse health care. This is mostly wrong. Americans go to doctors and stay in hospitals less frequently than consumers in *almost every other* industrialized nation.³ It is the lack of competition among health care suppliers, an issue left unaddressed by the ACA or the Excise Tax, which drives costs. The U.S. has the highest prices for common drugs, office visits and medical procedures, reflecting the fact that drug makers, device manufacturers and hospitals can charge monopoly prices bearing little relationship to their own costs.

¹ Centers for Medicare & Medicaid Services, “National Health Expenditure Projections 2014-2024,” available at <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/downloads/proj2014.pdf>.

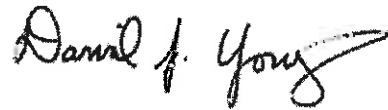
² OECD, “OECD Health Statistics 2015,” July 2015, available at <http://www.oecd.org/health/health-systems/Focus-Health-Spending-2015.pdf>.

³ OECD, “Health at a Glance 2015: OECD Indicators,” 2015, available at http://dx.doi.org/10.1787/health_glance-2015-en.

Instead of addressing the true drivers of health care cost inflation, the Excise Tax will harm workers through higher costs and less care. Though the Excise Tax purports to target only a minority of high cost or “Cadillac” health plans, it has become clear that even plans offering relatively modest coverage—what might be termed “Ford Focus” plans—will be affected. The Excise Tax will increase the cost of offering comprehensive health plans and will affect a significant portion of U.S. employers. Surveys have found that employers will reduce coverage and impose cost-sharing through higher deductibles or co-pays. Some employers will eliminate health plans altogether to avoid paying the Tax, leaving workers responsible for more of their health costs.⁴ The Tax will increase income inequality and threaten the financial stability of working families.

The Excise Tax is simply not the answer to our nation’s rising health care costs and will harm working families. For these reasons, the WGAW supports passage of H.R. 2050.

Sincerely,

A handwritten signature in black ink that reads "David J. Young". The signature is written in a cursive style with a long, sweeping tail on the letter "y".

David J. Young
Executive Director

⁴ American Health Policy Institute, “The Impact of the Health Care Excise Tax on U.S. Employees and Employers,” 2014, available at http://www.americanhealthpolicy.org/Content/documents/resources/Excise_Tax_11102014.pdf.