



October 17, 2017

The Honorable Donald J. Trump
President of the United States
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

In March 2011, the U.S. Congress passed the Affordable Care Act “ACA” or “Obamacare” which became law later that month. As you know, this law has caused great disruption in the healthcare marketplace. I have a duty as North Carolina State Treasurer to provide access to healthcare and affordability to active and retired state employees.

The North Carolina Department of State Treasurer oversees the delivery of healthcare services, through the State Health Plan, to more than 700,000 state and local employees and retirees. We pay for those services using taxpayer dollars appropriated by the North Carolina General Assembly and premiums paid by employees. Since the passage of the ACA, our costs of providing medical and pharmaceutical services has increased four (4) percent per year, or more than \$655 million. In 2016, that amounted to more than \$3 billion, which is more than was appropriated for the entire University of North Carolina system.

Of equal concern to me is a provision in ACA that allows for the assessment of a Health Insurance Tax “HIT”. As you know, the HIT is an Obamacare tax on health insurance premiums designed to help offset the cost of the tax credits for ACA exchange enrollees. Recognizing the negative impact the tax was having across the nation, Congress worked across the aisle in late 2015 to pass a bipartisan one-year moratorium on the tax for 2017, saving the healthcare system \$21.4 billion. However, the moratorium on the tax is set to expire at the end of this year and will be reassessed for 2018.

As so often is the case, the costs of the tax will be borne by businesses, middle-class families, seniors and taxpayers. The actuarial firm Oliver Wyman estimates that employers and their workers will see premium increases of about \$545 for family coverage and almost \$160 for individuals in 2018.

My home state of North Carolina will see \$366 million in additional premiums next year. Nationwide, the premium impact will total \$22 billion for more than 100 million Americans in 2018. The National Federation for Independent Businesses estimates that the tax could cost up to 286,000 new jobs and reduce small business sales by \$33 billion through 2023. These taxes exacerbate an already difficult situation as Americans have seen double-digit increases in their health insurance premiums since the passage of Obamacare.

Many thought that the HIT would be addressed as part of a package to “repeal and replace” ACA. That effort has stalled as the U.S. Senate failed to move any legislation forward. Now there is a standalone bill in the Senate, S 1859, introduced by Senator Cory Gardner (R-CO) with 13 co-sponsors, extending the moratorium on the tax through 2018. However, passage of the bill before the end of the year will be difficult.

Therefore, I am asking you to extend the moratorium, through executive action or any other means, on the HIT through 2018. Not only will it save billions of dollars for hard-working Americans across the country, it will save thousands of jobs. For the North Carolina State Health Plan, a moratorium means a savings of approximately \$45 million in 2018 just from the cost of providing insurance for 150,000 Medicare-eligible, retired state employees.

We have an obligation to the teachers, law enforcement officers, firefighters and many other state and local retirees who served our state and now find that this hidden tax could cost them dearly. Bold action is needed to stop this devastating tax. Thank you for your consideration of this important request.

Respectfully yours,

A handwritten signature in black ink that reads "Dale R. Folwell CPA". The signature is written in a cursive style with a large, looping initial "D".

Dale R. Folwell, CPA
North Carolina State Treasurer

cc: North Carolina Congressional Delegation