

**Before Senate Ways & Means Committee
SB 309 – 3.5% premium tax
Written testimony – Mike O’Neal, Kansas Chamber
May 21, 2015**

Mr. Chairman & members of the Committee

Thank you for the opportunity to provide our input on SB 309, which purports to impose a 3.5% “fee” on each insurer that participates in the federal health care exchange. We understand that the purpose of such fee is to provide funds for Medicaid medical assistance payments. It is unclear whether this is intended to provide additional funds or supplant a corresponding amount from the current source of funding, i.e., an attempt to fill a budget hole through a new form of taxation.

In short, the purpose for this proposal is unclear and comes at a time when insurers and, accordingly, those who pay premiums, including our members, are already being taxed at unacceptably high rates due to the effects of the flawed ACA. We are also in the midst of fighting other tax proposals this session that would impose increased taxes on our businesses. Therefore, we must stand opposed to SB 309.

Our Kansas Chamber Legislative Agenda for 2015 clearly calls for reductions in government spending instead of increasing the cost of doing business through tax increases. A fee imposed on business or passed through to business is no less than a tax. Our Health Care agenda emphasizes reducing employer costs and the costs of health care. This proposal does neither.