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**Another Healthcare Tax on Employers: Say What!?**

**March 28, 2014**



Tucked within the proposed state budget revision is a new, $3.2 million tax on Connecticut businesses to fund a state healthcare program.

The hidden tax will fund the State Innovation Model (SIM), including the hiring of  nine new state employees to roll out this government initiative.

It’s puzzling why SIM—designed to benefit all Connecticut residents—must be paid for predominately by businesses. The tax falls on large employers (self insured companies) and small businesses (via a pass-through from their carriers).

This is an issue not only because the tax targets employers for a program touted as benefiting everyone in the state, but [SIM](http://www.cthealth.org/news-publications/news/the-front-lines-of-health-reform/how-no-wrong-door-insures-more-people-of-color/how-the-state-innovation-model-sim-planning-grant-will-advance-health-equity/) is an effort to accomplish what employers are already doing and will continue to work towards – improving quality and reducing cost.

Worse is the state’s expectation that this tax is not a one-time-only assessment. The fund is expected to grow, with Connecticut’s employers likely to take on ever-increasing assessments.

Connecticut already has some of the highest healthcare costs in the country and employers are still grappling with escalating taxes and fees under federal and state healthcare legislation.  Adding more costs–such as this SIM tax–will make matters worse.

If the legislature believes adding this new program and the nine new state jobs associated with it is something they should do, the program should be funded through the state’s General Fund, not through a hidden tax on employers that offer their employees health care benefits.

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