



For Immediate Release

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Bill Aims To Ease Pain Of Seeking Affordable Health Insurance For Nation's Self-Employed

Washington, D.C., September 27, 2007 -- Federal legislation introduced today would level the playing field for 20.3 million self-employed Americans by ending a significant double-digit disparity in taxes paid on health insurance that has contributed to the growing health care crisis. The Equity for Our Nation's Self-Employed Act, introduced recently in the House of Representatives by Rep. [Ron Kind](#) (D-WI) and Rep. [Wally Herger](#) (R-CA), would eliminate an inequity in the tax code that inhibits the self-employed from receiving a full deduction for health insurance costs.

In addition to leveling the playing field for our nation's smallest businesses, this legislation would assist in making health care more affordable for millions of self-employed Americans who currently make up a substantial number of the working uninsured. Today, more than 60 percent of the 47 million uninsured Americans are from families working for a small business or headed by a self-employed individual. In a 2005 NASE study, more than two-thirds of micro-business owners said they are unable to afford health insurance for themselves or their employees, with costs cited as the chief reason.

"Millions of self-employed individuals live the American dream every day by running their own business, being their own boss and supporting the national economy," said NASE President Robert Hughes. "But while the self-employed have invested tremendous sweat-equity as key contributors to the economy and society, they face a remarkably unfair playing field behind the scenes when it comes to the tax code and health care."

Payment of Self-Employment Tax on Premiums

The tax code technicality resulting in the health-care cost inequality lies in the payment of self-employment tax on health insurance premiums. While corporations are able to deduct health insurance premiums as a business expense and to forego FICA (Social Security and Medicare) taxes on these expenses, sole proprietors are unable to deduct premiums and are required to pay an additional 15.3 percent self-employment tax on these costs.

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According to Hughes -- a CPA and expert on health care and tax issues affecting the self-employed and micro-businesses -- studies have indicated that on average in the United States a self-employed individual pays \$11,480 annually in health insurance premiums for family coverage. Since owners are unable to deduct their premiums as a business expense, as larger businesses do, they have a higher self-employment (FICA) tax liability. In this case a sole proprietor would be paying an additional \$1,766.44 (15.3 percent) in taxes.

NASE Member Gloria Aeilts Wright runs a psychotherapy practice in Redding, CA. She is paying \$1,327 in additional self-employment taxes on her health insurance. Wright remarked, "I have difficulty affording the health insurance I currently utilize. If I did not have to pay this extra tax burden, I could offset some of my current health costs and also invest in a retirement account."

"The proposed bill is a major step in leveling the playing field for sole proprietors," said Hughes. "It will go a long way in helping to ensure that they can afford insurance and assist in freeing up money that can be used to help their enterprises succeed."

For additional information on this issue, the NASE is working in conjunction with Representative Kind and Representative Herger to host a media teleconference regarding this legislation on Thursday, October 4th at 2:00pm. To participate and obtain call-in instructions, please send an e-mail to press@nsba.biz.

About the NASE

The National Association for the Self-Employed (NASE) is the nation's leading resource for the self-employed and micro-businesses, bringing a broad range of benefits to help entrepreneurs succeed and to drive the continued growth of this vital segment of the American economy. The NASE is a 501(c) (6) non-profit organization and provides big-business advantages to hundreds of thousands of micro-businesses across the United States. For more information, visit the association's web site at www.NASE.org.

