



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503**

June 6, 2012
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 436 – Health Care Cost Reduction Act of 2012

(Rep. Paulson, R-Minnesota, and 240 cosponsors)

The Affordable Care Act made significant improvements to the Nation's health care system that are helping to improve individuals' health and give American families and small business owners more control of their own health care. These important changes include: ending the worst practices of insurance companies; giving uninsured individuals and small business owners the same kind of choice of private health insurance that Members of Congress have; and bringing down the cost of health care for families and businesses while also reducing Federal budget deficits.

H.R. 436, which would repeal the medical device excise tax, does not advance these goals. The medical device industry, like others, will benefit from an additional 30 million potential consumers who will gain health coverage under the Affordable Care Act starting in 2014. This excise tax is one of several designed so that industries that gain from the coverage expansion will help offset the cost of that expansion.

This tax break, as well as other provisions in the legislation relating to tax-favored health spending arrangements, would be funded by increased repayments of the Affordable Care Act's advance premium tax credits, which would raise taxes on middle-class and low-income families, in many cases totaling thousands of dollars, notwithstanding that they followed the rules. This legislation would also increase the number of uninsured Americans.

In sum, H.R. 436 would fund tax breaks for industry by raising taxes on middle-class and low-income families. Instead of working together to reduce health care costs, H.R. 436 chooses to refight old political battles over health care. If the President were presented with H.R. 436, his senior advisors would recommend that he veto the bill.

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