

Excerpted from page 17 of "Estimated Financial Affects of the 'Patient Protection and Affordable Care Act,' as amended."

Available Online: [http://burgess.house.gov/UploadedFiles/4-22-2010 -
OACT Memorandum on Financial Impact of PPACA as Enacted.pdf](http://burgess.house.gov/UploadedFiles/4-22-2010-_OACT_Memorandum_on_Financial_Impact_of_PPACA_as_Enacted.pdf)

The health reform legislation, as enacted, imposes collective annual fees on manufacturers and importers of brand-name prescription drugs and on health insurance plans. In addition, the PPACA establishes an excise tax on non-personal-use retail sales by manufacturers and importers of medical devices. For manufacturers and importers of brand-name prescription drugs, the fee is \$2.5 billion in 2011, increasing to a maximum of \$4.1 billion by 2018, and then is set at \$2.8 billion per year in 2019 and beyond.¹⁷ For insurers, the annual fee is set at \$8.0 billion starting in 2014 and rises to \$14.3 billion by 2018; thereafter, the fee increases by the rate of premium growth. In each case, the total annual fee amount would be assessed on the specified industry as a whole; the share of the fee payable by any given firm in that industry would be determined based on sales (for manufacturers and importers of drugs) and on net premiums (in the case of insurers), with some limited exemptions. The excise tax on medical device sales is effective in 2011 and is set at 2.3 percent of first sales in each year. We anticipate that these fees and the excise tax would generally be passed through to health consumers in the form of higher drug and device prices and higher insurance premiums, with an associated increase in overall national health expenditures ranging from \$2.1 billion in 2011 to \$18.2 billion in 2018 and \$17.8 billion in 2019.