

ALLIANCE TO FIGHT THE 40

Stop the 40% tax on health benefits

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FIGHT THE 40 APPLAUDS REINTRODUCTION OF BIPARTISAN LEGISLATION TO PROTECT THE HEALTH BENEFITS OF WORKERS

Washington— Today the Alliance to Fight the 40, a broad-based coalition committed to repealing the 40 percent tax on employer-sponsored health benefits – the so-called “Cadillac Tax” – applauded Sen. Dean Heller (R-NV), Sen. Martin Heinrich (D-NM), Rep. Mike Kelly (R-PA), and Rep. Joe Courtney (D-CT), for their bipartisan, bicameral reintroduction of legislation to protect the health benefits of workers by repealing the onerous 40% Cadillac Tax.

“The ‘Cadillac Tax’ is a direct threat to over 175 million Americans who rely on employer-sponsored health coverage,” said James A. Klein, president, American Benefits Council. “Wherever one stands on the future of the Affordable Care Act, there can be no denying that we are at a pivotal moment for health care reform. Now more than ever, we need a stable employer-sponsored health system. We are proud to stand with our bipartisan Congressional champions – Senators Dean Heller and Martin Heinrich, and Representatives Mike Kelly and Joe Courtney – who are working to ensure the ‘Cadillac Tax’ is quickly and permanently repealed.”

Senator Heller and Senator Heinrich held a press conference today highlighting the introduction of the legislation in this new session of Congress. Repealing the “Cadillac Tax” has broad bipartisan support in Congress. In the previous Congressional session (2015-2016), 154 Republicans and 157 Democrats in the House of Representatives and 39 Senators cosponsored repeal legislation. In addition, the Senate voted 90-10 to repeal the tax.

Senator Heller and Senator Heinrich introduced S. 58 and Rep. Kelly and Rep Courtney introduced H.R. 173, A bill to amend the Internal Revenue Code of 1986 to repeal the excise tax on high cost employer-sponsored health coverage.

The “Cadillac Tax” is a 40% tax on the cost of employer-sponsored health coverage that exceeds certain premium benefit thresholds – initially, projected to be \$10,800 for self-only coverage and \$29,100 for family coverage in 2020. More than just health plan premiums are counted when determining the “cost” of the plan. The cost of wellness programs, on-site clinics and other plan features designed to reduce plan expenses are also included, so that ultimately virtually everyone in an employer-sponsored plan, including low-income workers and families with chronic or catastrophic health conditions will be affected.

Members of the Alliance to Fight the 40 offered the following statements of support for repealing the “Cadillac Tax:”

“The National Association of Health Underwriters thanks the sponsors for introduction of legislation to repeal the Cadillac tax. The cost of medical care is what truly drives health insurance premiums. For many employers of all sizes, health insurance is more expensive than ever, even though the benefits under the plans they offer is lower than it has been in the past. The Cadillac tax does nothing to rein in the healthcare costs that are driving healthcare premiums and when enacted, will increase the cost of providing benefits and reduce choices for employees. Repealing the Cadillac tax will make offering health insurance more affordable, and will encourage more employers to retain coverage for their workers.”

~ Janet Trautwein, CEO, National Association of Health Underwriters (NAHU)

“For more than 70 years, CancerCare has helped people cope with the financial burden of a cancer diagnosis and know all too well the distressing short and long term impact that a cancer diagnosis often has on patients and families. We strongly support the Alliance’s effort to repeal this tax, which would increase the economic uncertainty faced by so many people affected by cancer.”

~ Patricia Goldsmith, CEO, CancerCare

“WorldatWork commends Senators Heller and Heinrich and Representatives Kelly and Courtney on the reintroduction of bipartisan legislation to repeal the Cadillac Tax. It is crucial that Congress completely repeal this 40% excise tax so that companies won’t be forced to significantly change their health care offerings. Without this repeal the value of the total rewards employers can offer to their employees will diminish. We join with the Alliance to Fight the 40 in calling for Congress to act on this now.”

~ Cara Welch, Vice President, External Affairs & Practice Leadership, WorldatWork

“The strong bipartisan support for repeal of the so-called Cadillac Tax is very encouraging and we look forward to seeing a full repeal of this unjust tax on the benefits of working-class men and women in this Congress.

~ Terry O’Sullivan, LIUNA General President

“We applaud the bipartisan efforts to repeal the excise tax. Over half of Americans get health insurance from their employer. According to Mercer’s latest survey, a strong majority (80%) of employers favor eliminating the excise tax. The excise tax has been the number one concern of employers since the ACA was signed into law in 2010. Even though it was not scheduled to go into effect until 2018, employers began making modifications to their medical plans as early as 2013 in anticipation of the tax, which has since been delayed. Although employers may be able to make plan changes to avoid the tax initially, eventually all plans will be subject to it, as currently structured. While the target of the tax was to be the most generous plans, many factors drive coverage cost besides the richness of the benefit, including employee age, health status and family size, and the characteristics of the local health care market -- all of which are outside an employer's control. Through a lot of hard work, employers have held annual health benefit cost increases to below 5% each year for the past five years. It is in the best interest of business to manage health spending – and to do so in the manner that also serves the needs of their particular employee population, without the threat of the excise tax.”

~ Tracey Watts, Senior Partner, Mercer

“The ‘Cadillac Tax’ is not a tax on the rich. It’s a tax on those who need health care most. California Schools VEBA strives to provide hard-working, middle-class California school employees and their families with the highest quality health care at the lowest possible price. Many VEBA members are women in child-bearing years, and our data shows this proposed tax would disproportionately hit families with children. It must be repealed.”

~ Brian Marshall, Superintendent, La Mesa-Spring Valley School District and Board Member, California VEBA

“America's 3.6 million county employees provide essential services to more than 300 million residents nationwide. The excise tax would hinder our ability to attract and retain a quality county workforce, while increasing the burden on local taxpayers.

~Hon. Bryan Desloge, President, National Association of Counties

“The ‘Cadillac Tax’ is fundamentally flawed, cannot be “fixed” and should be repealed as soon as possible. Electric cooperatives provide health insurance benefits to over 100,000 employees, retirees and their families. Taxing any part of a co-op employee’s health care benefits will leave electric cooperative families with less comprehensive health coverage and higher costs. No co-op, whether they provide health insurance through NRECA's Group Benefits Trust or from another source, should be penalized for “doing the right thing” for their employees.”

~ Jim Matheson, CEO, NRECA

“The Cadillac tax is structured penalizes employers, including our contractors, for providing their employees with quality health coverage. No employer should be punished for doing the right thing. This tax needs to be repealed immediately.”

~ Marco A. Giamberardino, Executive Director, Government Affairs, National Electrical Contractors Association (NECA)

“Lockton applauds Senators Heller and Heinrich, and Representatives Kelly and Courtney, for reintroducing the important bipartisan legislation to repeal the Affordable Care Act’s Cadillac Tax. More than half of all Americans receive health insurance through an employer, and most report they enjoy that insurance and want to keep it. Employer-provided insurance works. Yet the Cadillac Tax undermines the ability of employers to provide, and employees and their families to enjoy, employer-sponsored health insurance by adding substantial additional costs to that coverage. Any change to the existing tax treatment of employer-provided health insurance that makes that insurance more costly to employers or employees contravenes the ancient Hippocratic principle, ‘First, do no harm.’ We applaud the sponsors of this important legislation for recognizing that most Americans like their employer-sponsored health insurance and want to keep it, and that Congress must first do no harm to what is working so well for so many.”

~ **Robert W. Reiff, President, Lockton Benefit Group**

The Alliance to Fight the 40 is a broad based coalition comprised of patient advocates, businesses, consumer and employer organizations and other stakeholders that support employer-sponsored health coverage. This coverage protects over 175 million Americans across the United States. The Alliance seeks to repeal the 40% tax on employee health benefits to ensure that employer-sponsored coverage remains an effective and affordable option for working Americans and their families.

For more information on the "Cadillac Tax" visit our website at www.fightthe40.com or follow us on Twitter @Fightthe40.

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