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New From EBRI:

The Excise Tax on High-Cost Health Plans

WASHINGTON—Even though Congress recently enacted a two-year delay in the so-called “Cadillac tax” on high-cost health plans under the Affordable Care Act (ACA), private-sector employers are already starting to prepare for it and some workers are already feeling its effects.

To clarify what the tax would do and how employers and health-plan sponsors are reacting to it, the nonpartisan Employee Benefit Research Institute (EBRI) held a policy forum on Dec. 10, 2015, attended by about a hundred health experts and other benefits professionals, to discuss “The Excise Tax on High-Cost Health Plans.”

A summary of the presentations and discussion at that forum are published in the March 2016 *EBRI Notes*, along with a link to a webcast of the entire event, available online at www.ebri.org

In December 2015 Congress authorized a delay in the excise tax on high-cost health plans, postponing its effective date from 2018 to 2020 and making a number of other modest changes to the tax. Nevertheless, the tax remains wildly unpopular with private-sector sponsors of employee health programs, and its potential effects are widely debated—even though the general public (and most workers in general) have little awareness that the tax has been enacted by Congress and that its potential implementation could cause major changes to how they get health coverage and how much they pay.

As private-sector health experts pointed out at the EBRI forum, despite the delay in the tax, it has already been causing changes, as many employers have begun reducing benefits or shifting costs now to avoid the tax if and when it later goes into effect.

Presenters at the policy forum included:

- *Paul Fronstin*, director of EBRI’s Health Research and Education Program, who reviewed the purposes, goals, and key provisions of the excise tax on health plans as it was included in the Affordable Care Act.
- *Katy Spangler*, senior vice president of health policy for the American Benefits Council, a trade association helping mostly large corporations navigate the employer-sponsored health and retirement benefit systems, which has led lobbying efforts to repeal the tax.
- *Kimberly Young*, head of employee benefits at Booz Allen Hamilton, who provided the perspective and reactions to the tax by a large employer.
- *Richard Stover*, principal and consulting actuary in Xerox HR Services’ Knowledge Resource Center (formerly Buck Consultants), who addressed the broader perspective in employer options and strategies in dealing with the excise tax.

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