



AMERICAN BENEFITS

COUNCIL

Advocating for Congress to Repeal the “Cadillac Tax”

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40% “Cadillac” Tax

- ④ **40% non-deductible tax on health plan costs exceeding \$10,200/single and \$27,500/family, beginning 2018**
- ④ **Congress created the 40 Percent Tax to “bend the cost curve” by restraining health care spending – reflecting a belief of economists that health plans providing very high levels of coverage promote over-consumption**
- ④ **Also raised revenue to pay for other ACA provisions**

40% “Cadillac” Tax

ALLIANCE
TO FIGHT THE **40**

- ② Alliance to Fight the 40
Formed summer of 2015
- ② Coalition comprised of public and private sector employer organizations, consumer groups, patient advocates, unions, health care companies, businesses and others
- ② Since this summer, over 100 hill meetings advocating for full repeal of the tax
- ② Focused on increasing awareness of the tax on the hill and with the media

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- ② **Dec 3 overwhelming, bipartisan vote of 90 to 10 in favor of permanently repealing the tax**
- ② **Unfortunately the broader “reconciliation” vehicle [expected to be] vetoed by President**
- ② **Repeal bills supported by 300+ bipartisan members of Congress**
 - H.R. 2050 – Rep. Courtney (D-CT)
 - H.R. 879 – Rep. Guinta (R-NH)
 - S. 2045 – Sens. Heller (R-NV) and Heinrich (D-NM)
 - S. 2075 – Sen. Brown (D-OH)

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Top Arguments for Repealing the Tax

- ◉ The tax will eventually affect virtually all 175 million Americans with employer-sponsored health coverage
- ◉ The tax is forcing employers reluctantly to shift costs onto employees in the form of higher deductibles and copays
- ◉ That tax penalizes employers for many factors that are out of their control (e.g., older, sicker workers)
- ◉ The tax applies to benefits that help keep employees healthy and manage costs (e.g., HSAs, wellness plans)

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Top Prebuttals

- *Repealing the tax is too expensive:* while repeal is expected to raise \$91 billion over 10 years, 75% of that is estimated to come from greater income tax collection as employers shift health costs to taxable wages; this is not something employers are doing, so it is unlikely this revenue will materialize
- *Repealing the tax would undermine the ACA:* over 300 members of Congress, nearly half of them Democrats, support repealing the tax -- to protect the health benefits of over 175 million Americans; this is not a debate about whether the ACA is good or bad
- *Repealing the tax will increase health care costs:* economists and other supporters of the tax think it will achieve savings in the health care system, but in reality it isn't doing anything to lower the cost of MRIs or hip replacements; instead, it is forcing employers reluctantly to shift costs to employees in the form of higher deductibles and copays

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What’s next?

- ◉ **Pushing for Cadillac tax repeal to be included in any moving vehicle**
- ◉ **Talk of addressing the tax as part of the tax extenders package expected to move before the end of 2015**
- ◉ **Keep fighting until the tax is permanently repealed**

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<http://www.americanbenefitscouncil.org>

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