

Repeal the 40 Percent Excise Tax on “Cadillac” Health Plans

Background:

NECA contractors provide quality, affordable health coverage through self-insured, employer-sponsored group plans to their employees across the nation. In 2022, plans that provide benefits exceeding a threshold of \$10,200 for an individual or \$27,500 per family (before inflation) will be unjustly subject to an excise tax of 40 percent, also known as the Cadillac Tax, on the value of benefits exceeding the aforementioned amounts. Simply put, this tax penalizes employers who do the right thing by providing quality health care to their employees.

Key Points:

- *The Cadillac Tax Ignores Important Demographic and Geographic Factors While Taxing Benefits that Help Keep Employees Healthy, Such as Health Savings Accounts.* This tax was structured to fund the ACA's coverage expansion, but it does so by penalizing employers, including NECA contractors, for providing their employees with quality health coverage.
- *The Tax is Creating a Chilling Effect on Employers.* Although the tax does not go into effect until 2022, employers are already being compelled to reduce benefits, or implement increased cost-sharing, in order to avoid being on a trajectory to trigger the tax thresholds. If Congress does not act now, the tax will hurt millions of Americans with employer-sponsored health care. Full repeal of this tax is needed to bring certainty to our contractors who are in regular negotiations with their union counterparts.
- *Oppose Any "Cap" on Tax Exclusions for Employer-Funded Health Care Programs.* This would require that any amount over the arbitrary limit set by the federal government would be declared as taxable income, thereby transferring the cost to employees. Repealing the Cadillac Tax, only to replace it with a cap on exclusions is not solving the problem, it is just giving it a new name.
- *A Strong Bipartisan Majority in Congress Supports Repealing the Cadillac Tax.* To date, over 265 Members of the House and 24 Senators have cosponsored bipartisan legislation to eliminate the tax.

NECA Asks:

- Cosponsor S.58/H.R.173, *The Middle Class Health Benefits Tax Repeal Act*
 - Sponsors: Sen. Dean Heller (R-NV) and Sen. Martin Heinrich (D-NM)
Rep. Joe Courtney (D-CT) and Rep. Mike Kelly (R-PA)

Sponsors for H.R. 173: 265 total sponsors (155 Democrats, 110 Republicans)

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Sponsors for S.58: 25 total sponsors (12 Democrats, 13 Republicans)

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