

# ALLIANCE TO FIGHT THE 40

Stop the 40% tax on health benefits



## For Immediate Release

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## THE ALLIANCE TO FIGHT THE 40 APPLAUDS INTRODUCTION OF SENATE COMPANION BILL TO PROTECT THE HEALTH CARE COVERAGE OF 181 MILLION AMERICANS

The **Alliance to Fight the 40 | Don't Tax My Health Care**, a broad-based coalition committed to repealing the 40 percent tax on employer-provided health benefits – the so-called “Cadillac Tax” – applauds Sen. Martin Heinrich (D-NM) and Sen. Mike Rounds (R-SD) for their introduction of a Senate companion bill to H.R. 748, legislation to protect the health benefits of workers by repealing the onerous 40 percent “Cadillac Tax.”

Today, U.S. Senators Martin Heinrich (D-NM), Mike Rounds (R-SD), Jeanne Shaheen (D-NH), Roger Wicker (R-MS.), Rob Portman (R-OH), Dan Sullivan (R-AK), Lisa Murkowski (R-AK), Cory Gardner (R-CO), John Boozman (R-AK), Maggie Hassan (D-NH), Tammy Duckworth (D-IL), Debbie Stabenow (D-MI), Tim Scott (R-SC), Gary Peters (D-MI), James Inhofe (R-OK.), Joni Ernst (R-IA), Chris Murphy (D-CT), Catherine Cortez Masto (D-NV), Bob Casey (D-PA), Richard Blumenthal (D-CT), Todd Young (R-IN), Deb Fischer (R-NE), Kamala Harris (D-CA) and Sherrod Brown (D-OH) introduced [S. 684](#), “The Middle Class Health Benefits Tax Repeal Act of 2019,” a bill to amend the Internal Revenue Code of 1986 to repeal the excise tax on high cost employer-sponsored health coverage. In the House, H.R. 748 currently has 224 cosponsors. Last week, nearly 600 organizations sent a [letter](#) to the House urging support for H.R. 748 and the need to repeal the “Cadillac Tax.”

“Thank you, Senators Heinrich and Rounds for fighting to protect the health care coverage that protects more than 181 million people nationwide,” said **James A. Klein, president of the American Benefits Council**. “The ‘Cadillac Tax’ isn’t about luxury cars or lavish health plans. It’s an unfair tax that targets older, sicker workers, women and families. This tax will drive up costs that working Americans cannot afford.”

“Eliminating this onerous tax on employees’ health coverage will protect important benefits for workers and ensure that businesses and families get a fair deal,” said **Senator Heinrich**. “I’m proud to join Senator Rounds in leading this bipartisan effort to ensure millions of middle-class families who rely on employer-based health care aren’t unfairly penalized by this tax.”

“The bill we introduced today is a step toward repealing another negative provision of the Affordable Care Act: the Cadillac Tax,” said **Senator Rounds**. “If implemented, the Cadillac Tax would impose a 40 percent tax on certain employer-sponsored health care plans. This would dramatically increase the costs of healthcare for South Dakota families. The Cadillac Tax is currently scheduled to go into effect in 2022, and unless we’re able to repeal it, millions of middle-class families across the country will be impacted. I look forward to working with the administration and my colleagues in Congress to advance this bipartisan legislation to fully repeal the Cadillac Tax.”

**Background.** The “Cadillac Tax” is a 40 percent tax on the cost of employer-provided health coverage that exceeds certain premium benefit thresholds – initially, projected to be \$11,100 for self-only coverage and \$29,750 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 keep the workforce healthy and help reduce plan expenses are also included. The tax is designed to hit more plans over time so that virtually everyone in an employer-provided plan, including low income workers and families with chronic or catastrophic health conditions, will ultimately be affected.

**Bipartisan Support.** Repealing the “Cadillac Tax” has broad bipartisan support in Congress. In the previous Congressional session (2017-2018), over 300 members in the House of Representatives -- 168 Democrats and 137 Republicans – along with 33 bipartisan Senators cosponsored repeal legislation. In the House, H.R. 748 currently has 224 cosponsors.

**Stakeholder Support:** On March 1, nearly 600 organizations sent a [letter](#) to the House urging support for H.R. 748 and the need to repeal the “Cadillac Tax.” The letter urged members, “to work together to swiftly repeal the impending 40% tax on employer-provided health care before working Americans and their families, who are already stretched too thin, are hit with this onerous tax increase.”

**Voter Support.** Findings from an election night poll on key issues in the 2018 Midterm Election, conducted by renowned pollster Frank Luntz, highlights that 81 percent of voters oppose taxing employer-provided health care coverage. They believe working families are already stretched too thin and can’t afford the higher costs being driven by the “Cadillac Tax.”

***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 health care costs that are driving health care 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)***

“Americans deserve affordable coverage that helps improve their health and financial stability. Employer provided coverage delivers on this commitment for more than 180 million Americans every day, and it must be protected. Eliminating this harmful tax on employers that offer coverage will help ensure that millions of workers and their families continue to receive comprehensive coverage at a more affordable price.”

***~ Matt Eyles, president and CEO, America’s Health Insurance Plans (AHIP)***

“The Cadillac Tax is not a tax on rich benefits, it is a tax on plans that cost more because of geography, age of members, or more dependents covered. An analysis of data from Mercer’s National Survey found very little difference in the average actuarial value – which measures benefit richness – of employer plans at risk for hitting the tax threshold compared to plans not at risk.”

***~ Tracy Watts, Senior Partner, Mercer***

“The National Electrical Contractors Association continues to support the strong bipartisan majority in Congress that backs repealing the Cadillac Tax. NECA contractors provide quality, affordable health coverage through self-insured, employer-sponsored group plans across the nation. The Cadillac Tax penalizes employers who do the right thing by providing quality health care to their employees. The Cadillac Tax ignores important demographic and geographic factors while taxing the innovative benefits that help keep employees healthy such as health savings accounts. This tax also creates a chilling effect on the ability of employers to provide benefits for workers. In addition, NECA opposes any proposals, like the Cadillac Tax, to cap or limit exclusions for employer-provided health care programs.”

***~ John M. Grau, CEO, National Electrical Contractors Association***

“It’s encouraging that the U.S. Senate has introduced a bill to fully repeal the 40 percent benefits tax. It’s urgent that lawmakers act quickly to repeal the Cadillac Tax before working men and women face further benefit cuts and higher costs.”

***~ Terry O’Sullivan, LIUNA General President***

"The Big 'I' fully supports repealing the harmful 'Cadillac tax' and is grateful to Sens. Martin Heinrich (D-NM) and Mike Rounds (R-SD) for introducing this critical legislation in the U.S. Senate. This destructive tax will do irreparable damage to the employee benefits marketplace. It is imperative that Congress protect the employer-sponsored health care system for the 181 million Americans that depend on it. The Big 'I' looks forward to continuing to work with the Administration and leaders in Congress to ensure this tax never sees the light of day."

*~ Bob Rusboldt, Big "I" President & CEO, Independent Insurance Agents & Brokers of America*

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

*~ Matthew Chase, Executive Director, National Association of Counties*

"Repeal of the Cadillac Tax is a top health policy priority for America's employers who are committed to being part of the solution to lower health care costs. We are encouraged by the bipartisan reintroduction of this bill. We applaud the efforts of the bill's sponsors and look forward to working with them to move this legislation in the 116th Congress."

*~ Kate Hull, Executive Director, Corporate Health Care Coalition (CHCC)*

"For more than 75 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*

"The California Schools VEBA is proud to offer our 135,000 members quality health care at affordable prices. Our members need lower premiums, not a punitive tax. Destabilizing the employer market by taxing workers is not the way to solve America's health care problems. Taxing these benefits threatens our ability to offer meaningful health care. We applaud Reps. Courtney and Kelly for leading the bipartisan introduction of a bill to fully repeal the 'Cadillac Tax.'"

*~ Cynthia Marten, Chairwoman, California Schools Voluntary Employee Benefits Association*

*The Alliance to Fight the 40 | Don't Tax My Health Care is a broad-based coalition comprised of businesses, patient advocates, employer organizations, unions, local governments, health care companies, consumer groups and other stakeholders that support employer-provided health coverage. This coverage is the backbone of our health care system and protects more than 181 million Americans. The Alliance seeks to repeal the 40 percent "Cadillac Tax" on health benefits and to prevent increased income taxes on workers, families and retirees who rely on employer-provided health coverage. The Alliance is committed to ensuring that employer-provided coverage remains an effective and affordable option for working Americans and their families.*

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