

ALLIANCE TO FIGHT THE 40

Data Sources for “The Cadillac Tax Takes Away from Working Families Budgets” Infographic

40-percent excise tax liability by family income of workers enrolled in the employer-sponsored group health policies

Using the 40-percent excise tax projections at the individual enrollee level, characteristics of workers whose health benefits are affected by the 40-percent excise tax were examined to illustrate the increasing breadth of the 40-percent excise tax over time.

Household income

The table examines the 40-percent excise tax faced by employers for employment-based health insurance policyholders by family income. The table below includes the average tax liability for policy holders over the thresholds in the lowest quartile of family income. In 2013, the lowest was below \$39K.

Table 2. 40-percent excise tax liability by family income of workers enrolled in the employer-sponsored group health policies

Lowest quintile of policyholders by family income	
In 2020:	
Average tax, if over threshold (\$)	681
In 2025:	
Average tax, if over threshold (\$)	1,261
In 2035:	
Average tax, if over threshold (\$)	2,372

Source: EY estimates based on data from the Current Population Survey (2014) and the Medical Expenditure Panel Survey (2013), with projections based on CMS Office of the Actuary and Congressional Budget Office projections.

While the data show that the employer-sponsored group health policies that cover the highest-income workers are most heavily affected by the 40-percent excise tax, there are substantial effects throughout most of the income distribution of workers covered by employment-based insurance. The extent to which tax liabilities are shared throughout the income distribution increases over time.

Sources for commodities pricing for: Cadillac Tax Takes Away from Working Families Budgets.

Item	Unit Price	Calculation for \$42000	Source	Notes
Gas; unleaded regular, per gallon	\$2.15	586.51	Bureau of Labor Statistics – August 2016 Average Price http://data.bls.gov/cgi-bin/surveymost?ap	
Milk; fresh, whole, fortified, per gallon	\$3.14	401.59	Bureau of Labor Statistics – August 2016 Average Price http://data.bls.gov/cgi-bin/surveymost?ap	
Child Care - Facility	\$799	1.58	https://www.newamerica.org/in-depth/care-report/introduction/	
Savings After 10 Years		18,505.00	Financial Industry Regulatory Authority http://apps.finra.org/Calcs/1/Savings	4% return; 3.8% inflation rate
Sprint Unlimited Freedom Plan	\$160	7.88125	https://www.sprint.com/landings/unlimited-cell-phone-plans/index.html	\$60/mo. for 1st line; \$40/mo. for 2nd line; \$30/mo. for each add'l line. Unlimited talk & text. Unlimited mobile-optimized streaming videos, gaming and music. And, unlimited 4G LTE data for most everything else. 5GB of 4G LTE Mobile Hotspot