

# ALLIANCE TO FIGHT THE 40

Stop the 40% tax on health benefits

## “CADILLAC TAX” DISPROPORTIONATELY TARGETS WOMEN

Today, 175 million working Americans rely on health insurance from their employer.<sup>1</sup> Numerous studies and data analyses reveal that women, who typically have higher health coverage costs, may experience a significant reduction in benefits because of a new 40% tax, which is misleadingly labeled the “Cadillac Tax.”

### What is the “Cadillac Tax?”

The “Cadillac Tax” is a deductible excise tax of 40% on employer-sponsored health coverage that exceeds certain benefit thresholds – projected to be \$10,800 for self-only coverage and \$29,100 for family coverage in 2020. Congress’ original intent was to target only a small number of “overly generous” plans. However, nonpartisan analyses reveal that it will also hit some modest health plans simply because they are offered in high-cost areas or because they cover large numbers of people whose health costs are typically higher than average — such as women and families.

### Women’s Health Insurance Coverage Targeted by the “Cadillac Tax”

Approximately 57 million women ages 19-64 (58%)<sup>2</sup> depend on employer-sponsored health coverage either on their own or through their spouse.

Historically, women have had higher than average health care costs and have been more expensive to insure than men. A 2012 survey by the National Women’s Law Center found that nearly a third of health plans charged 25- and 40-year-old women at least 30% more than men for the same coverage. In addition, a 2014 survey by Mercer LLC found that people employed by organizations where the workforce is primarily female pay, on average, 13% more for single coverage than people employed by organizations where the workforce is predominantly male -- and typically are subject to deductibles that are 31% higher. Given the higher costs, employers that hire more women will be more likely to be hit with the “Cadillac Tax.”

### The “Cadillac Tax” is Leading to Higher Costs and Skinnier Benefits

To avoid the “Cadillac Tax,” employers will be forced to reduce benefits and increase out-of-pocket costs. Employers have already been forced to start making these changes. The shift toward higher out-of-pocket expenses that is being driven by the 40% tax is likely to affect women in particular. According to a [fact sheet](#) by the Kaiser Family Foundation, because women are more likely than men to be covered as dependents, a woman is at greater risk of losing her insurance if her spouse loses a job, or her spouse’s employer drops family coverage or increases premium and out-of-pocket costs to unaffordable levels, or if she becomes widowed or divorced.

Rising health care costs are a concern for all Americans, even if they have insurance. According to the Kaiser Family Foundation, 36% of women reported they were not confident they would be able to afford usual medical costs, despite having insurance. If the “Cadillac Tax” is implemented, more women could be forced to forgo health services due to increased cost-sharing and deductibles.

## WOMEN CANNOT AFFORD THE CADILLAC TAX

If we wait, it will be too late.

Repeal the “Cadillac Tax”

<sup>1</sup> Smith, J. and Medalia, C. (September 2015). [Current Population Reports: Health Insurance Coverage in the United States 2014.](#)

<sup>2</sup> “Women’s Health Insurance Coverage,” [Kaiser Family Foundation \(February 2, 2016\)](#)