

ALLIANCE TO FIGHT THE 40

Stop the 40% tax on health benefits



What is the Cadillac Tax?

The “Cadillac Tax” is a 40% tax on the value of employer-sponsored health coverage that exceeds certain benefit thresholds – estimated to be \$11,100 for self-only coverage and \$29,750 for family coverage in 2022. While the name may imply the 40% tax applies to a few individuals with “luxury” health coverage, the truth is it extends much further. More than 181 million Americans – including retirees, low- and moderate-income families, public-sector employees, small business owners and the self-employed – currently depend on employer-provided health coverage.

- **The “Cadillac Tax” will force businesses to provide health plans with fewer benefits and higher deductibles.** [Americans already feel their health care is too expensive](#) and [out-of-pocket costs continue to rise](#). With the looming “Cadillac Tax,” workers will pay even more out of pocket for health services.
- **The “Cadillac Tax” will affect ALL Americans with employer-sponsored health coverage.** Because the tax is indexed to the chained consumer price index, which is lower than health care inflation, every year an increasing number of health plans will be subject to the tax. Mercer estimates, more than half of employers will be subject to the tax by 2027.
- **The “Cadillac Tax” penalizes employers for many factors that are out of their control.** The tax unfairly targets employers that have a higher number of workers with chronic or serious diseases or those with larger families. Employers with locations in high-cost areas or in specific industries, such as manufacturing or law enforcement, are also disproportionately affected by the 40% tax.
- **The “Cadillac Tax” applies not only to what employers pay for their employees’ health coverage, but also to the contributions by employees themselves.** The tax applies to a number of benefits that help control costs including on-site medical clinics, certain wellness and employee assistance plans, health savings account contributions, health reimbursement arrangements, flexible spending accounts, and other pre-tax health benefits. This will cause many plans to hit the tax threshold earlier than expected.

THE “CADILLAC TAX” MUST BE REPEALED NOW.

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% “Cadillac Tax” on health benefits and work with Congress and the Administration 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.