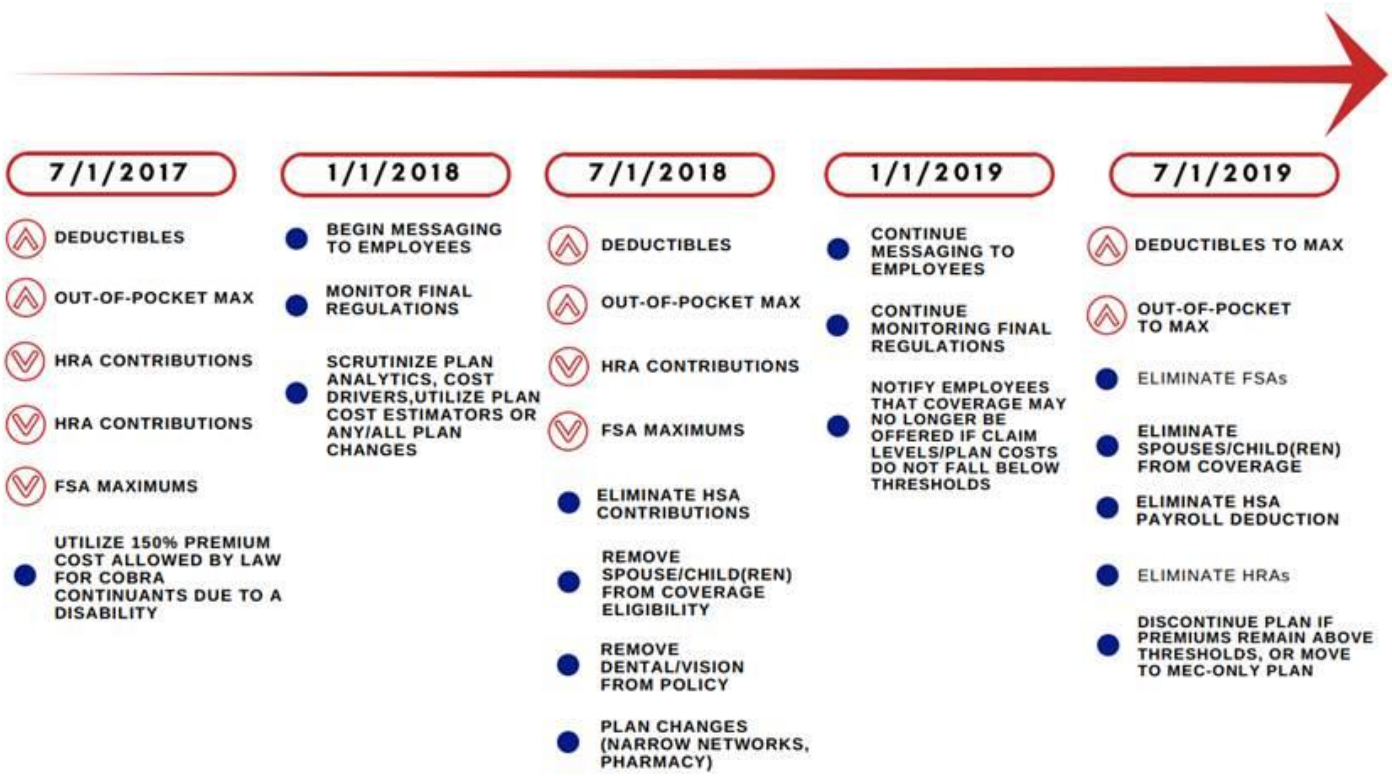
Prevent Employee Benefit Cuts: Delay the Cadillac Tax Before It's too Late!

WHAT IS HAPPENING?

The Cadillac Tax, set to take effect in 2020 under a two-year delay, calls for a 40% excise tax on the amount of the aggregate monthly premium of each primary insured individual that exceeds the year's applicable dollar limit, which will be adjusted annually to the Consumer Price Index plus one percent. As healthcare costs regularly increase beyond that of general inflation, this tax is destined to outgrow itself, impacting an ever-increasing number of employers, including those with even moderate plans. Health insurance agents and brokers have been working closely with employers of all sizes to begin making preparations for this tax, including decreasing the overall benefit value of the plans, increasing cost-sharing on their employees, or eliminating health insurance as an employee benefit altogether. The increase in cost-sharing harms lower-income and middle-class Americans the most, as they are least prepared to handle the higher premiums and deductibles, often resulting in delayed treatment that costs more in the long term.

Sample Employer Planning Timeline for Plan Year Beginning July 1, 2019 (Self-Insured ALE):



ACTION NEEDED

NAHU urges Congress to act now to further delay or fully repeal the Cadillac Tax. Don't wait until it is too late. Amidst the uncertainty, Americans are seeing their health insurance benefits reduced and health costs go up as employers have already begun making preparations under the assumption that the tax will take effect. Bipartisan legislation is currently pending in the U.S. Senate and House of Representatives to repeal the tax: S. 58, led by Senators Dean Heller (R-NV) and Martin Heinrich (D-NM), and H.R. 173, by Representatives Mike Kelly (R-PA) and Joe Courtney (D-CT).

1212 New York Avenue, NW, Ste. 1100 • Washington, DC 20005 • 202-552-5060 • www.nahu.org