

ALLIANCE TO FIGHT THE 40

Stop the 40% tax on health benefits



December 8, 2019

The Honorable Mitch McConnell
Majority Leader
United States Senate
U.S. Capitol Building, Room S-230
Washington, DC 20510

The Honorable Charles Schumer
Minority Leader
United States Senate
U.S. Capitol Building, Room S-221
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
U.S. Capitol Building, Room H-232
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
U.S. Capitol Building, Room H-204
Washington, DC 20515

Dear Leader McConnell, Minority Leader Schumer, Speaker Pelosi, and Minority Leader McCarthy,

We are writing on behalf of the 178 million Americans who receive health care coverage through an employer. This coverage is threatened by the looming 40% tax on employer-provided coverage. We applaud the House for passing H.R. 748 with a bipartisan vote of 419-6 to fully repeal the “Cadillac Tax.” We urge the Senate to approve this bill or include repeal of the Cadillac Tax in legislation that is sent to the president before the end of the year.

The tax is having a real impact, today, on the lives and pocketbooks of American workers. A poll conducted November 2019, found that 93% of voters oppose taxing employer-provided health insurance.

The “Cadillac Tax” increases the health care cost burden for working Americans, threatens patient access to care, and targets vulnerable populations such as the families and sick individuals most needing care. A significant majority of voters – across party lines – oppose this tax because it increases out-of-pocket costs for older, sicker and underserved communities. Taxing workers trying to manage chronic conditions fails to address our most urgent health care challenges.

At 40%, the tax is twice the top corporate rate and will have significant consequences. Waiting to address the tax forces employers to adjust benefits now in anticipation of the tax. Several [studies](#) have shown that the “Cadillac Tax” would have a direct and negative impact on the continued affordability of employer-provided health insurance because employers will be compelled to reduce benefits and increase deductibles and other out-of-pocket costs to avoid the tax. Waiting to act also increases the cost to repeal the tax and makes it more difficult to help workers.

There is strong support for repealing the 40% tax from both sides of the aisle, both sides of the Capitol—and from voters across the country. In addition to the 419 votes for repeal in the House 63 cosponsors in the Senate support legislation to repeal the tax. In addition, more than 1100 organizations including, businesses, nonprofits, cities, chambers of commerce, insurers, brokers, unions, and patient advocacy groups recently signed [a letter](#) supporting full repeal of the “Cadillac Tax.”

We urge you to keep health care affordable for working families by including full repeal of the “Cadillac Tax” in any package under consideration before the end of this year.

Thank you for your consideration of this request.

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