

# ALLIANCE TO FIGHT THE 40

Stop the 40% tax on health benefits



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## **SURVEY: 93 PERCENT OF VOTERS WANT TO KEEP EMPLOYER-PROVIDED HEALTH INSURANCE COVERAGE TAX FREE** *It's Time to Repeal the "Cadillac Tax"*

**Washington, D.C.** – Today, the **Alliance to Fight the 40 | Don't Tax My Health Care**, a broad-based coalition committed to repealing the 40% tax on employer-provided health benefits, released the results of a new survey by Public Opinion Strategies that finds 93 percent of voters want to keep employer-provided health care coverage tax free—highlighting the broad support for and need for Congress to fully repeal the 40 percent “Cadillac Tax.”

“The clock is ticking for American workers and their families,” said James A. Klein, president of the American Benefits Council. “With congressional leadership negotiating an end-of-the-year package right now, the big question is: will Congress eliminate the burdensome ‘Cadillac Tax’ that is driving up out-of-pocket costs on 178 million Americans?”

Support for repealing the “Cadillac Tax” has never been stronger. Last week, more than 1,100 organizations representing nonprofits, patient advocacy groups, multinational corporations and small businesses and Labor organizations signed a [letter](#) urging Congress to repeal the “Cadillac Tax.” With a 419 to 6 vote in the House to repeal the ‘Cadillac Tax,’ 63 cosponsors in the Senate, and 93 percent of voters who want to keep employer-provided health care coverage tax-free, the message is clear: the time is now to repeal the “Cadillac Tax.”

### **HIGHLIGHTS OF PUBLIC OPINION STRATEGIES SURVEY**

Voters are worried about rising health care costs and they want Congress to keep employer-provided health insurance coverage tax free. A recent poll conducted by Public Opinion Strategies found that:

- 93 percent of voters flat out reject the idea of taxing employer-provided health insurance plans.
- By a 2 to 1 margin, voters would be more likely to back a member of Congress who votes to repeal the “Cadillac Tax.”
- Two-thirds of Americans would support their member of Congress voting to immediately repeal the “Cadillac Tax.”
- Voters across the country believe a great deal of harm would result from the “Cadillac Tax” going in to effect. This includes:

- Most people with employer-provided health insurance would see cost increases (95 percent total likely to happen)
  - People with employer-provided health insurance would have fewer choices (95 percent total likely to happen)
  - Out-of-pocket health care costs, such as deductibles, would increase (93 percent total likely to happen)
  - More people would go without insurance coverage (87 percent total likely to happen)
  - Fewer employers would offer health insurance as part of employee benefits (86 percent total likely to happen)
- Americans are feeling the rise in their personal health care costs, yet very few are seeing any type of wage increases to offset those costs.
    - 66 percent of voters have noticed an increase in how much they are paying for health insurance coverage.
    - 67 percent of voters have seen increases in deductibles, premiums, or other out-of-pocket costs.
    - 74 percent have not seen any increases in wages or salary to make up for higher out-of-pocket costs.
  - Two-thirds of Americans worry about being able to pay for their/their family's health care expenses.
  - Two-thirds of Americans worry rising costs may cause them to skip/delay treatment— while 50 percent indicate having already done so.

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**Background.** The “Cadillac Tax” is a 40 percent tax on the cost of employer-provided health coverage that exceeds certain premium benefit thresholds – initially, projected to be \$11,100 for self-only coverage and \$29,750 for family coverage in 2022. More than 178 million Americans get health care coverage from an employer.

More than just health plan premiums are counted when determining the “cost” of the plan. The cost of wellness programs, on-site clinics, Health Savings Account contributions and other plan features designed to keep the workforce healthy and help reduce plan expenses are also included. The tax is designed to hit more plans over time so that virtually everyone in an employer-provided plan, including low income workers, will ultimately be affected.

**Who gets hurt?** This tax targets older workers, retirees, women, families, people with chronic or catastrophic conditions and people who live in high-cost health care areas (urban or rural).

**Who cares about repealing the “Cadillac Tax?”** The Alliance to Fight the 40 represents public and private employers, unions and patient groups that all urge repeal of this tax. We speak for the 178 million Americans with employer-based coverage, many of whom are ALREADY paying more for health care and seeing shrinking benefits because of the “Cadillac Tax”.

**Delayed.** Originally slated to hit in 2018, Congress has enacted two two-year delays of the “Cadillac Tax.”

- 2018 delayed to 2020 in the Consolidated Appropriations Act of 2016
- 2020 delayed to 2022 as part of a short-term federal spending bill to end the 2018 government shutdown

**Previous “Cadillac Tax” Votes.** On July 17, the House [voted](#) 419 to 6 to fully repeal the “Cadillac Tax” in a stand-alone bill. The House had never previously voted to repeal the “Cadillac Tax” as a stand-alone measure. The House and Senate have approved “Cadillac Tax” delays as part of larger packages. In a 2015 vote on an [amendment](#), the Senate voted 90-10 to repeal the “Cadillac Tax.”

**Side Effects.** Although the “Cadillac Tax” won’t be levied until 2022, workers are already facing tough consequences. Employers have been forced to make health plan changes— such as higher deductibles and other out-of-pocket costs – to avoid sudden draconian consequences in 2022. Large employers, in particular, must start designing plan changes at least 18 months in advance—even longer for collectively-bargained plans; which means the process for developing 2022 health plans begins in a just a few months.

**Why now? Working families can’t wait any longer.**

[31% of employers](#) affected in 2022; increases to 100% over time

Significant benefits changes made by employers in advance of the tax:

- 31% to limit FSA, HSA, HRA
- 33% to increase in Out-Of-Pocket costs
- 14% to reduce benefits
- 14% to reduce spousal eligibility or subsidies

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*The Alliance to Fight the 40 | Don’t Tax My Health Care is a broad-based coalition comprised of private sector businesses, local governments, patient advocates, organizations representing both large and small employers, unions, 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 178 million Americans. The Alliance seeks to repeal the 40 percent “Cadillac Tax” on health benefits and 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. Follow us on Twitter [@FightThe40](#)*

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