

ALLIANCE TO FIGHT THE 40

Stop the 40% tax on health benefits



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In Case You Missed It **Unions, Employers Team Up** **to Protect Health Care for Working Families**

In a September 11 *Washington Examiner* [opinion](#) piece, American Benefits Council President James A. Klein and Unite Here President D. Taylor say “Congress can deliver a big win for working Americans by repealing the so-called ‘Cadillac Tax’ on employer-provided health insurance coverage.”

The House passed a bill, the *Middle Class Health Benefits Tax Repeal Act of 2019* ([H.R. 748](#)), by 419 to 6 to fully repeal the 40 percent tax on employer-provided health care coverage and the Alliance to Fight the 40 is urging the Senate to take action. The Senate companion bill, [S. 684](#), has 63 bipartisan cosponsors.

Where business and labor agree: Repeal the 'Cadillac tax' on insurance

by James A. Klein and D. Taylor
September 11, 2019

Americans love a winner, and Congress can deliver a big win for working Americans by repealing the so-called “Cadillac Tax” on employer-provided health insurance coverage. Contrary to its name, the “Cadillac Tax” is not a tax on “luxurious,” high-end health insurance, or corporate executives, or the rich as some claim. It is an onerous and counterproductive 40% excise tax on the efficient coverage enjoyed by more than 181 million working Americans and family members — affordable coverage that people like and want to keep.

Support for full and immediate repeal is more than bipartisan — it is practically unanimous: On July 17, the House of Representatives overwhelmingly approved the Middle Class Health Tax Repeal Act ([H.R. 748](#)) by a vote of 419 to 6. Final enactment of this measure would be worthy of a parade down Pennsylvania Avenue.

Repeal of the “Cadillac Tax” would be a huge win for hardworking American families in the form of meaningful tax relief. Even though the tax has been delayed, the looming imposition of this tax is already forcing workers to pay more for healthcare coverage. Since 2010, deductibles on health plan coverage

have increased 109%, in part because the looming imposition of the tax is compelling employers to share more costs and trim benefits.

Repeal of the “Cadillac Tax” would be a win for people who need health coverage the most: women, older and disabled workers, and families coping with chronic illnesses or devastating health crises. This misguided tax also indiscriminately hits people harder in communities and states with especially high health care costs, such as Alaska and New York.

Repeal of the “Cadillac Tax” would be a win for employer sponsors of healthcare coverage. At a whopping 40%, the “Cadillac Tax” is nearly double the corporate tax rate and one of the highest taxes on the books.

Businesses and labor both agree: This excessive levy on job-based health benefits is a direct threat to employer-provided healthcare coverage.

A case in point is a mid-sized Colorado employer where the “Cadillac Tax” presented the company with a painful choice: pay nearly \$5,000 in taxes for each of its 285 employees — in addition to the cost of the health coverage — or make further cuts to its health plan. A company making a good faith effort to keep its employees healthy should not face a choice like this, between employees' health and the financial health of the company itself.

Repeal of the “Cadillac Tax” would be a win for prospective congressional candidates in 2020. In [a prominent new poll](#), 86% of voters believe employer-provided healthcare coverage should remain tax-free and, by a four to one ratio, voters are more likely to support a member of Congress that has voted to repeal the “Cadillac Tax.”

Scrapping the “Cadillac Tax” is more than a winning political issue: it’s the right thing to do for American families who feel increasing pressure on healthcare costs, the growing income gap, and lower savings rates. The 2020 election season need not be a time for inaction and political polarization; it should be a time when Congress acts decisively to help over 181 million Americans rest easier by eliminating the threat of a 40% tax on their health benefits.

The Senate should act quickly this year to approve and send legislation to the president repealing this tax, because everyone could use a win.

James A. Klein is president of the American Benefits Council, a Washington D.C.-based employee benefits public policy organization whose members include over 220 of the world's largest corporations.

D. Taylor is the International President of UNITE HERE, a labor union that represents 300,000 working people in the hotel, gaming, food service, manufacturing, textile, distribution, laundry, transportation and airport industries.

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 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.

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