



AMERICAN BENEFITS COUNCIL

February 13, 2019

The Honorable Joe Courtney
United States House of Representatives
2348 Rayburn House Office Building
Washington, DC 20515

The Honorable Mike Kelly
United States House of Representatives
1519 Longworth House Office Building
Washington, DC 20515

Dear Representatives Courtney and Kelly:

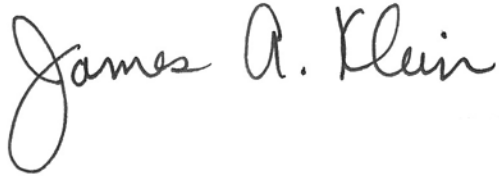
On behalf of the American Benefits Council, I am writing to express strong support for your proposed legislation, the Middle Class Health Benefits Tax Repeal Act (H.R. 748), which would fully and immediately repeal the 40 percent “Cadillac Tax” on employer-sponsored health coverage. We applaud your long record of advocating for repeal of this tax that would undermine employer-sponsored health coverage relied upon by 181 million Americans.

As you know, starting in 2022, a 40 percent excise tax would be imposed on employer-sponsored coverage that exceeds certain dollar thresholds. Many working families struggle with high health care costs. The “Cadillac Tax” would exacerbate this problem because in order to avoid this confiscatory tax employers are compelled to share additional costs with health plan beneficiaries. To ensure that the impact of the tax on participants is not imposed suddenly and severely when the tax goes into effect in 2022, many employers have reluctantly already begun to make these plan changes.

Allowing this tax to take effect would be extremely ill-advised and unpopular. In a nationwide 2018 election-night poll of American voters conducted by Public Opinion Strategies, more than 4 out of 5 (81 percent) said that “employer provided health insurance should continue to be tax-free.” The “Cadillac Tax” is especially harmful because, contrary to its inaccurate nickname, it does not just affect “overly generous” health plans. It also hits plans that are expensive for many reasons beyond the control of employers and workers. For example, plans with large numbers of women, older workers, families suffering chronic conditions or catastrophic health events, or that cover people in high-cost parts of the country are most likely to be subject to the tax.

The bipartisan nature of your legislation speaks to the broad consensus favoring repeal of the "Cadillac Tax." We thank you for your leadership and are pleased to offer our enthusiastic support for your legislation and pledge to work with you toward its enactment.

Sincerely,

A handwritten signature in black ink that reads "James A. Klein". The signature is written in a cursive style with a large, looping initial "J".

James A. Klein
President
American Benefits Council

CC: All members, U.S. House of Representatives