



AMERICAN BENEFITS COUNCIL

March 23, 2016

KEY FINDINGS FROM NATIONWIDE PUBLIC OPINION SURVEY ON 40 PERCENT “CADILLAC TAX”

The so-called “Cadillac Tax” is a 40 percent excise tax on the value of employer-sponsored health coverage that exceeds certain benefit thresholds, estimated to be approximately \$10,800 for employee-only plans and \$29,100 for family plans when the tax takes effect in 2020.

While the name may imply the tax applies to a few individuals with luxury health coverage, the truth is it extends much further. 175 million Americans – including retirees, low- and moderate-income families, public sector employees, small business owners and the self-employed – currently depend on employer-sponsored health coverage and they are all at risk.

On behalf of the American Benefits Council, Public Opinion Strategies conducted a nationwide online survey of 1,200 registered voters from January 29 to February 3, 2016. These findings indicate that voter support for the “Cadillac Tax” is dwarfed by support for repeal.

KEY FINDINGS

1. Support for implementation is very low among all voters, and opposition to the tax increases as people learn more about the tax.

Initially, voters were given a short, neutral description of the “Cadillac Tax.” After reading this description, most voters (48%) support repeal, 14% support implementation, and 38% don’t have an opinion.

Forty percent (40%) of voters said they “strongly” support repeal, compared to just 8% of voters who “strongly” supported implementation – a five-to-one intensity advantage for repeal.

SURVEY DESCRIPTION OF THE TAX

The term “Cadillac Tax” is a nickname given to a specific provision of the Affordable Care Act. The tax, named after the iconic car, is a 40% tax on high- cost health benefit plans provided by employers to their employees. The tax, scheduled to begin in 2020, is one way the health care law was funded. The tax will take into account a plan’s costs, including the employer’s and employee’s share of premiums and other benefits, wellness programs or employer and employee contributions to flexible spending accounts, or health savings accounts.

INITIAL RESULTS: Should the 'Cadillac Tax' be implemented as-is or repealed entirely or do you not have strong feelings one way or the other?

	All Voters	Republican	Independent	Democrat
Total Favoring Repeal	48%	75%	42%	25%
Strongly Support Repeal	40%	66%	32%	19%
Total Favoring Implementation	14%	8%	11%	22%
Strongly Support Implementation	8%	5%	4%	12%
No Strong Feelings	38%	17%	48%	53%

After the voters heard arguments for and against the tax, and were asked to consider the positive and negative outcomes of the tax, the percentage favoring repeal of the tax grew to a majority of respondents (52%).

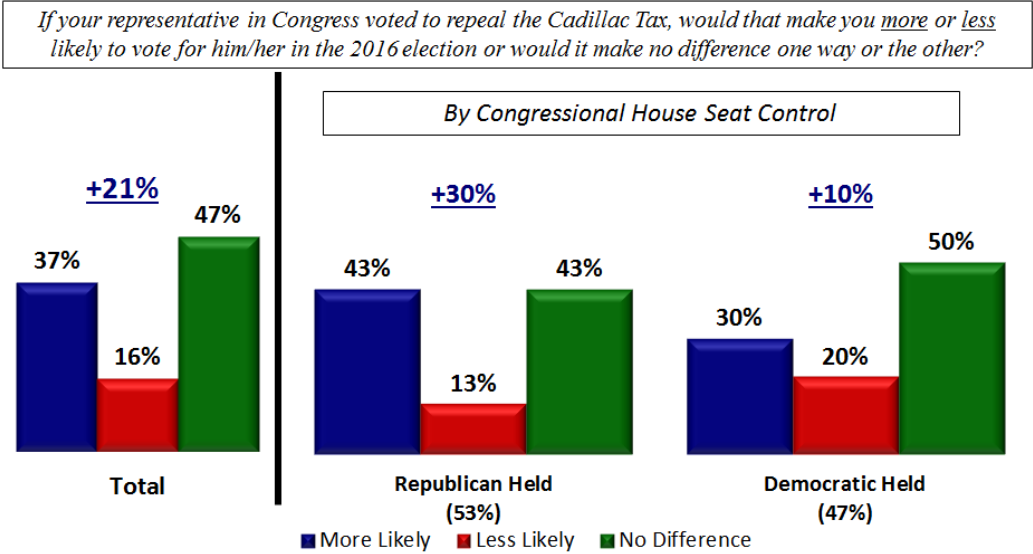
2. Voters favor repeal over implementation across party lines.

Republicans are the most likely to support repeal, by wide margins. One-quarter (25%) of Democrats support repeal while 22% support implementation. But, 53% of Democrats do not have strong feelings one way or the other. The significant number of disengaged Democrats suggests that the base of political support for this tax is very soft.

3. On a broad, bipartisan basis, voters agree with advocates of repeal regarding the flawed assumptions around the tax and reject the claim that reduced health benefits will be made up with increased wages.

<i>Which of the following statements do you agree with more?</i>				
	All	Rep	Ind	Dem
<i>The Cadillac Tax should be repealed because it will not bring in the expected \$71 billion in new revenue. Employers will drop or reduce health benefits to avoid paying the tax, and proponents are wrong when they assume that employers will raise their workers' taxable wages to make up for these reductions. Congress should start over and find another way to fund the ACA.</i>	70%	88%	75%	52%
<i>The Cadillac Tax should be implemented because it will bring in \$71 billion in revenue that may be used to help pay for the Affordable Care Act. Without that revenue we would be left with a huge federal program that is not paid for and the federal deficit would significantly increase. The Affordable Care Act is law and we should fully fund it.</i>	30%	12%	25%	48%

4. Voters in both Republican and Democratic House of Representatives districts are more likely to support their representatives' re-election this year if he/she voted to repeal the "Cadillac Tax."



5. The most likely outcomes of the tax anticipated by voters are roundly seen as negative, while positive outcomes are viewed as unlikely to occur.

For each item below, please indicate if you think that it is almost certain to happen, very likely to happen, somewhat likely to happen, not too likely to happen, or not at all likely to happen if the tax goes into effect.

Potential Outcome	% Certain/Very Likely
People with employer-sponsored health plans would see increased wages if they saw reductions in health benefits.	14%
Overall health care costs in the U.S. would decrease over time.	16%
Waste in the health care system would be significantly reduced	16%
Americans' health would generally improve.	20%
It would expand access to affordable health care coverage.	22%
It would mean stable long-term funding for the Affordable Care Act.	23%
Generous health plans would no longer be available to hard working Americans.	52%
Fewer employers would offer health care plans as part of employee benefits.	55%
People with employer-sponsored health plans would have fewer choices.	57%
Most people with employer-sponsored health plan would see cost increases.	64%

If the tax is implemented, voters expect to see increased costs, fewer choices and fewer employers offering health care coverage. At the same time, many of the purported benefits of the tax – such as lower overall health care costs and increased wages – are seen as unlikely.

BOTTOM LINE

On a bipartisan basis, voters support repeal of the “Cadillac Tax” over implementation and there is a significant four-to-one advantage in the intensity of support for repeal versus implementation.

The assumption the tax will bring in the expected federal revenue – based on the premise that lower health benefits will be made up with higher taxable wages – was rejected by both Republican and Democratic voters.

In the 2016 election, voting to repeal the Cadillac Tax is seen as a net positive in both voters across Republican and Democratic congressional districts.

Voters are generally concerned about the negative consequences of the tax and do not believe that it will deliver on its purported benefits.



PUBLIC OPINION STRATEGIES

FT40 Cadillac Tax National Online *Interview Schedule*

Public Opinion Strategies
January 29-February 3, 2016

Project #16008
N=1200 Registered Voters

In this Interview Schedule:

- *Sample A was asked of 1/2 of the respondents = 602 registered voters.*
 - *Sample B was asked of 1/2 of the respondents = 598 registered voters.*
 - *An asterisk (*) in a response category means that less than 0.5% of respondents chose that response category and a dash (-) represents no response.*
 - *“Skip base” is the percentage of respondents from each survey population that are asked a question because they meet a criteria based on a response to a previous question, meaning not all voters received that question.*
 - *“Total base” is the percentage of the total sample*
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1. Generally speaking, would you say things in the COUNTRY are going in the right direction, or have they pretty seriously gotten off on the wrong track?

23% Right direction
63% Wrong track
14% Not sure

2. In the next election for US Congress, do you feel that your representative deserves to be reelected, or do you think that it is time to give a new person a chance?

16% Re-elect member
54% Give new person a shot
30% Too early to say

3. How would you rate the current state of the economy? Would you say it is... **(ROTATE TOP TO BOTTOM, BOTTOM TO TOP)** excellent, good, fair, poor.

26% EXCELLENT/GOOD

74% FAIR/POOR

1% Excellent
25% Good
48% Only fair
...or...
26% Poor?

Now as you may know, Barack Obama's health care plan (also known as the Affordable Care Act or Obamacare) was passed by Congress and signed into law in 2010...

4. From what you have heard about the new health care law, do you think it is a good idea or a bad idea? If you do not have an opinion either way, please just say so. **(IF GOOD/BAD IDEA, ON SEPARATE SCREEN:)** And, do you feel that way strongly, or not so strongly?

37% TOTAL GOOD IDEA

47% TOTAL BAD IDEA

25% Strongly good idea
12% Somewhat good idea
7% Somewhat bad idea
40% Strongly bad idea
16% No strong feelings

-
5. In the past few months have you seen, read, or heard news or information about a provision of the Affordable Care Act called the "Cadillac Tax"?

30% Yes
70% No

(ASKED Q6 IF SAMPLE A & Q5:1; ASKED OF N=196 RESPONDENTS)

6. In the space provided below, please describe what you've seen, read, or heard in the news over the last few months about the "Cadillac Tax."

SEE VERBATIM RESPONSES

The term "Cadillac Tax" is a nickname given to a specific provision of the Affordable Care Act. The tax, named after the iconic car, is a 40% tax on high- cost health benefit plans provided by employers to their employees. The tax, scheduled to begin in 2020, is one way the health care law was funded. The tax will take into account a plan's costs, including the employer's and employee's share of premiums and other benefits, wellness programs or employer and employee contributions to flexible spending accounts, or health savings accounts.

7. Based on the information you have, should the "Cadillac Tax" be **(ROTATE)** implemented as-is ...or... repealed entirely ...or do you not have strong feelings one way or the other? **(IF IMPLEMENTED/REPEALED, THEN ASK ON SEPARATE SCREEN:)** And, do you feel strongly or not so strongly about that?

14% TOTAL IMPLEMENTED

48% TOTAL REPEALED

8% Implemented - Strongly
6% Implemented - Not strongly
8% Repealed - Not strongly
40% Repealed - Strongly
38% No strong feelings

(ASKED Q8 IF SAMPLE B ONLY; ASKED OF N=598 RESPONDENTS)

8. In the space provided below, please provide the one or two main reasons you (would implement/would repeal/have no strong feelings about) the Cadillac Tax.

SEE VERBATIM RESPONSES

9. If you knew that your representative in Congress voted to repeal the Cadillac Tax, would that make you more or less likely to vote for him/her in the 2016 election or would it make no difference one way or the other?

37% More likely
16% Less likely
47% No difference

10. Which of the following statements do you agree with more, even if neither is exactly how you feel? **(ROTATE STATEMENTS)**

30% The Cadillac Tax should be implemented because it will bring in \$71 billion in revenue that may be used to help pay for the Affordable Care Act. Without that revenue we would be left with a huge federal program that is not paid for and the federal deficit would significantly increase. The Affordable Care Act is law and we should fully fund it.

70% The Cadillac Tax should be repealed because it will not bring in the expected \$71 billion in new revenue. Employers will drop or reduce health benefits to avoid paying the tax, and proponents are wrong when they assume that employers will raise their workers' taxable wages to make up for these reductions. Congress should start over and find another way to fund the ACA.

Here are some things that people say could happen if the Cadillac Tax is implemented as-is in 2020...

(SAMPLE A) For each item below, please indicate if you think that is almost certain to happen, very likely to happen, somewhat likely to happen, not too likely to happen, or not at all likely to happen if the tax goes into effect. **(RANDOMIZE)**

	ALMOST CERTAIN	VERY LIKELY	SOMEWHAT LIKELY	NOT TOO LIKELY	NOT AT ALL LIKELY
11. Americans' health would generally improve.	5%	15%	23%	36%	21%
	20%			57%	
12. Overall health care costs in the U.S. would decrease over time.	6%	10%	23%	30%	31%
	16%			61%	
13. Most people with employer-sponsored health plan would see cost increases.	36%	28%	25%	9%	2%
	64%			11%	
14. People with employer-sponsored health plans would have fewer choices.	24%	33%	28%	13%	2%
	57%			15%	
15. People with employer-sponsored health plans would see increased wages if they saw reductions in health benefits.	5%	9%	23%	35%	28%
	14%			63%	
16. Fewer employers would offer health care plans as part of employee benefits.	27%	28%	28%	14%	3%
	55%			17%	
17. More people would go without health insurance coverage and pay the individual mandate penalty.	21%	18%	36%	20%	5%
	39%			25%	
18. Generous health plans would no longer be available to hard working Americans.	27%	25%	27%	16%	5%
	52%			21%	
19. It would expand access to affordable health care coverage.	6%	16%	33%	28%	17%
	22%			45%	
20. It would mean stable long-term funding for the Affordable Care Act.	4%	19%	32%	28%	17%
	23%			45%	
21. Waste in the health care system would be significantly reduced.	4%	12%	27%	30%	27%
	16%			57%	

Here are some things that people say could happen if the Cadillac Tax is implemented as-is in 2020... (SAMPLE B) For each item below, if it were an outcome of the tax, please indicate on a scale from 1-10 if it is one of the best things (10) or worst things (1) that could happen as a result of the Cadillac Tax being implemented. **(RANDOMIZE)**

	10	8-10	4-7	1-3	MEAN
11. Americans' health would generally improve.	18%	38%	51%	11%	6.5
12. Overall health care costs in the U.S. would decrease over time.	19%	39%	48%	13%	6.5
13. Most people with employer-sponsored health plan would see cost increases.	3%	10%	34%	56%	3.4
14. People with employer-sponsored health plans would have fewer choices.	3%	10%	41%	49%	3.8
15. People with employer-sponsored health plans would see increased wages if they saw reductions in health benefits.	9%	23%	57%	20%	5.5
16. Fewer employers would offer health care plans as part of employee benefits.	3%	10%	32%	58%	3.4
17. More people would go without health insurance coverage and pay the individual mandate penalty.	3%	8%	40%	52%	3.6
18. Generous health plans would no longer be available to hard working Americans.	3%	9%	34%	57%	3.4
19. It would expand access to affordable health care coverage.	13%	34%	53%	13%	6.2
20. It would mean stable long-term funding for the Affordable Care Act.	10%	25%	56%	19%	5.6
21. Waste in the health care system would be significantly reduced.	16%	35%	54%	11%	6.4

Summary of Implementation Outcomes - Ranked by Mean Best/Worst Rating

Outcome	% Certain/Very Likely	Mean Best-Worst Rating
Most people with employer-sponsored health plan would see cost increases.	64%	3.4
People with employer-sponsored health plans would have fewer choices.	57%	3.8
Fewer employers would offer health care plans as part of employee benefits.	55%	3.4
Generous health plans would no longer be available to hard working Americans.	52%	3.4
More people would go without health insurance coverage and pay the individual mandate penalty.	39%	3.6
It would mean stable long-term funding for the Affordable Care Act.	23%	5.6
It would expand access to affordable health care coverage.	22%	6.2
Americans' health would generally improve.	20%	6.5
Overall health care costs in the U.S. would decrease over time.	16%	6.5
Waste in the health care system would be significantly reduced.	16%	6.4
People with employer-sponsored health plans would see increased wages if they saw reductions in health benefits.	14%	5.5

22. Having heard some more, should the "Cadillac Tax" be **(ROTATE)** implemented ...or... repealed entirely or do you not have strong feelings one way or the other?

(IF IMPLEMENTED/ REPEALED, THEN ASK ON SEPARATE SCREEN:) And, do you feel strongly or not so strongly about that?

<u>INIT</u>	<u>INF</u>	
14%	18%	TOTAL IMPLEMENTED
48%	52%	TOTAL REPEALED
8%	11%	Implemented - Strongly
6%	7%	Implemented - Not strongly
8%	9%	Repealed - Not strongly
40%	43%	Repealed - Strongly
38%	30%	No strong feelings

D1. In what year were you born?

5%	18 - 24
20%	25 - 34
20%	35 - 44
15%	45 - 54
22%	55 - 64
18%	65 and above

D2. And, other than being an American, what is your main ethnic or racial heritage?

12%	African American or Black
74%	White
10%	Hispanic or Latino American
3%	Asian American
*	American Indian
1%	Other

D3. What was the last grade you completed in school? (**ROTATE TOP TO BOTTOM, BOTTOM TO TOP**)

- * Some grade school (1-8)
 - 2% Some high school (9-11)
 - 27% Graduated high school (9-12)
 - 4% Technical or vocational school
 - 21% Some college
 - 31% Graduated college
 - 15% Graduate/professional school
-

D4. Please select which of the following best describes your total annual household income? (**ROTATE TOP TO BOTTOM, BOTTOM TO TOP**)

- 49%** **TOTAL UNDER \$60,000**
 - 51%** **TOTAL \$60,000 OR MORE**

 - 13% UNDER \$25,000
 - 16% \$25,000 BUT LESS THAN \$40,000
 - 20% \$40,000 BUT LESS THAN \$60,000

 - 12% \$60,000 BUT LESS THAN \$75,000
 - 16% \$75,000 BUT LESS THAN \$100,000
 - 15% \$100,000 BUT LESS THAN \$150,000
 - 8% \$150,000 OR MORE
-

D5. In politics today, do you consider yourself a... (**ROTATE TOP TO BOTTOM, BOTTOM TO TOP**)

- 40%** **TOTAL REPUBLICAN**
 - 42%** **TOTAL DEMOCRAT**

 - 12% Strong Republican
 - 12% Not-so-strong Republican
 - 16% An Independent who leans towards the Republicans

 - 18% Something else/Independent

 - 14% An Independent who leans towards the Democrats
 - 12% Not-so-strong Democrat
 - 16% Strong Democrat
-

D6. Generally speaking, on most issues do you consider yourself to be... **(ROTATE TOP TO BOTTOM, BOTTOM TO TOP)**

34% TOTAL CONSERVATIVE

23% TOTAL LIBERAL

11% Very Conservative
23% Somewhat Conservative
43% Moderate
15% Somewhat Liberal
8% Very Liberal

D7. For which of the following candidates did you vote for President in 2012... **(ROTATE PUNCHES 1 AND 2 ONLY)**

33% Mitt Romney
45% Barack Obama
8% Someone else
3% Don't recall
11% Did not vote in this election

D8. Are you employed outside of the home, are you a student, are you a stay at home mom/dad, are you retired, or are you unemployed and looking for work?

48% TOTAL MALE
52% TOTAL FEMALE
57% TOTAL EMPLOYED
3% TOTAL STUDENT
7% TOTAL STAY AT HOME MOM/DAD
25% TOTAL RETIRED
8% TOTAL UNEMPLOYED AND LOOK FOR WORK

<u>Male</u>	<u>Female</u>	
28%	29%	Employed
1%	2%	Student
*	7%	Stay at home mom/dad
15%	10%	Retired
4%	4%	Unemployed and looking for work

(ASKED D9 IF D8:1; ASKED OF N=688 RESPONDENTS)

D9. And how many people are employed by the company you currently work for?

<u>SKIP</u>	<u>TOT</u>	
13%	7%	1-5
7%	4%	6-19
6%	4%	20-49
8%	5%	50-99
21%	12%	100-499
8%	5%	500-999
36%	21%	1000 or more

D10a. Do you have a health insurance plan, that is, are you covered by a PRIVATE health insurance plan, a health insurance plan through the Affordable Care Act the health care law, or by a GOVERNMENT program such as Medicare, Medicaid, Tricare or the Veterans Health Administration? (Please specify your primary health insurance plan)

55%	YES, Private Health Insurance Plan
7%	YES, Affordable Care Act/Health Care Law Plan
20%	YES, Medicare
8%	YES, Medicaid
1%	YES, Tricare
2%	YES, Veterans Health Administration (VA)
7%	NO, Do not have health insurance coverage

(ASKED D10b IF D10a:1; ASKED OF N=662 RESPONDENTS)

D10b. Is the private health insurance plan provided by your employer?

<u>SKIP</u>	<u>TOT</u>	
78%	43%	Yes
22%	12%	No

D11. Sometime in the last year, was there a period of time where you or your family did NOT have health care coverage?

12%	Yes
85%	No
3%	Unsure

D12. Are you, yourself, now receiving regular treatment or making regular doctor visits for any chronic health problem(s) such as asthma, diabetes, high blood pressure, or cancer?

40% Yes

60% No

D13. Do you have children at home under the age of 18 you are responsible for raising who are not yet in college or the workforce?

25% Yes

75% No
