As lawmakers pursue "repeal and replace" of the Affordable Care Act, above all else they must stabilize the individual insurance marketplace and not destabilize employer-sponsored health coverage.

The common sense principles set forth below should be a foundation for the next steps in health reform – embodying the long-standing mantra “first, do no harm.” Over 177 million Americans have employer-sponsored coverage. To protect and strengthen employer-sponsored plans, the Council urges Congress to do the following:

**Fully and permanently repeal the 40% "Cadillac Tax" on employer-sponsored health coverage.**

The forthcoming tax is already driving up out-of-pocket costs for millions of Americans. It would tax Americans in a very inconsistent and inequitable way, affecting ordinary plans that are expensive simply because they cover people with higher-than-average health costs. The Council and the diverse coalition it coordinates, the Alliance to Fight the 40, support newly issued bipartisan, bicameral legislation to repeal the tax.

**Maintain the current tax incentives for employer sponsorship of health care benefits.**

Numerous "replace" proposals would impose a "cap" on the current employee exclusion from federal income tax for employer-sponsored coverage. This would increase taxes on working families and would lead to higher out-of-pocket health care costs. Replacing the ACA should not mean imposing a tax on this vital source of financial protection.
**Strengthen ERISA uniformity.**

ERISA uniformity allows large employers to design and offer consistent benefits that are equally available to employees in multiple states. It also makes administration of benefit plans far more feasible and cost-effective. As Congress seeks to devolve more authority to states to regulate the individual and small group markets, it must protect the ability of self-insured and multi-state employers to operate plans consistently and free of individual state regulation.

**Support flexibility in health care plan design.**

Employers are best equipped to design, fund and implement benefit strategies ideally suited to their workforce. This could include more flexible use of Health Savings Accounts (HSAs), which can and should be improved to benefit more individuals and families. The Council supports legislation that would expand HSAs.

**Emphasize measures to control health care costs while maintaining high quality care.**

While the ACA expanded coverage, it did not do enough to reduce long-term costs. The Council supports efforts to improve the transparency of price and performance data to make individuals better consumers and encourage continuous quality improvement. The Council also favors measures permitting employers to implement wellness programs, which have the potential to lower chronic and long-term health costs.

The above principles are described in greater detail in the following Council reports: *Condition Critical, A 2020 Vision: Flexibility and the Future of Employee Benefits*, and *Magnifying a 2020 Vision*. 