**Protect employer-provided health plans in tax reform.** Most Americans get health insurance through plans voluntarily sponsored and financed by their employers. Long-standing tax rules that protect employees from tax on health coverage are a major reason employer-provided health insurance is so prevalent. Even seemingly modest changes in those tax rules would result in dangerous disruption that would include increased costs of health insurance for employees and the potential loss of health care protection as more employers drop health plans or reduce the scope of coverage. With employers already under enormous stress from the uncertainty and costs of Patient Protection and Affordable Care Act (PPACA) implementation, this is not the time to change the tax rules for employer-provided health plans.

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**DO NO HARM IN TAX REFORM**

- **Protect Employer-Provided Plans in Tax Reform:** The most important principle Congress must consider in the context of tax reform or otherwise is: do no harm to the employment-based health system. At this highly volatile and sensitive time for health policy, we urge policymakers to avoid any actions that would discourage employers from offering health insurance to their employees. Even seemingly modest changes in those tax rules would result in dangerous disruption, including increasing the cost of health insurance for employees, and loss of health care coverage as more employers drop health plans or reduce the scope of coverage.

- **Tax Reform is Not the Place for Fundamental Health Policy Changes:** The tax reform process is not the appropriate venue for consideration of major structural changes in health plan tax treatment that would dramatically affect employer-sponsored coverage. Changes in health tax policy should only be considered, if at all, as part of a broader evaluation of health policy.

- **Tax Reform May Be an Opportunity to Fix Targeted Problems:** Tax reform may provide the opportunity to consider carefully targeted changes, including repeal of new taxes and fees that will eventually be paid by employers and employees directly or indirectly. These include measures like the medical device tax, various fees on insurers and health plans generally, and the so-called Cadillac tax.
• **Principles That Should Govern Consideration of Health Plan Tax Rules in Tax Reform:**

  o Ensure that tax reform does not erode employers’ flexibility to continue providing quality health care coverage to employees and families;

  o Prevent the tax reform process from being used to make fundamental changes in health policy. Those policies should be changed, if at all, only in ways that improve health security, not to raise revenue for deficit reduction, or to offset the cost of other tax changes or new spending; and

  o Consider even modest changes in health care rules during the tax reform process only if they demonstrably enhance health care efficiency, coverage, or quality.