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NEWS RELEASE

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Council urges Congress to pass “Cadillac Tax” delay included as part of year-end legislation

WASHINGTON, DC – “On behalf of the hundreds of large employers we represent, the American Benefits Council applauds Congressional leaders for including a two-year delay of the so-called “Cadillac Tax” on employer-sponsored health coverage in the year-end spending measure,” Council President James A. Klein said today. “We urge lawmakers to pass this measure as a down payment on full repeal of the tax.”

Starting in 2018, the Affordable Care Act imposes a 40 percent nondeductible tax on employer-sponsored coverage that exceeds certain thresholds: \$10,200 for employee-only and \$27,500 for family coverage. Analyses of the tax show that it unfairly targets certain employee populations and, over time, will affect many more Americans than was anticipated.

In a December 16 letter to [U.S. Senate](#) and [House of Representatives](#) offices, Klein said the tax “will hurt businesses, jobs, and the economy. In addition to the tremendous administrative complexity for businesses involved in calculating the tax, and the financial burden of paying it, the tax imposes a number of illogical, counterproductive and ultimately unavoidable results.”

“[Many times](#) we have [enumerated](#) the [reasons](#) why the ‘Cadillac Tax’ is bad for American workers, but the moral of the story is this: any health care policy that increases costs and reduces access to care is bad health care policy,” Klein said.

Late on December 15, congressional leaders unveiled [a year-end spending package](#) that includes a 2-year delay of the tax, making it effective in 2020 rather than 2018. The measure would also make the tax deductible for employers, further reducing the cost burden on employers paying the tax, and commissions a study by the U.S. Comptroller

General on possible adjustments to the current benchmark to better reflect the age and gender characteristics of the national workforce. (The Council recommended such adjustments in its [October 1 letter](#) to the Internal Revenue Service.)

“More than 300 members of Congress have already signed on to repeal this tax. We urge other lawmakers to follow their lead and pursue full repeal. That process begins by approving a two-year delay of the tax immediately,” Klein said.

For more information on health policy issues, or to arrange an interview with Klein or Katy Spangler, senior vice president, health policy, please contact Jason Hammersla, Council senior director of communications, at jhammersla@abcstaff.org or by phone at 202-289-6700 (office) or (202) 422-4652 (mobile).

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The American Benefits Council is the national trade association for companies concerned about federal legislation and regulations affecting all aspects of the employee benefits system. The Council's members represent the entire spectrum of the private employee benefits community and either sponsor directly or administer retirement and health plans covering more than 100 million Americans.