



AMERICAN BENEFITS COUNCIL

September 20, 2017

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Paul Ryan
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Minority Leader
United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives
Washington, DC 20515

Dear Leaders:

On behalf of the American Benefits Council, I am writing to urge you to repeal the 40 percent “Cadillac Tax” on employer-sponsored health coverage as part of any health care legislation under consideration. This deeply flawed tax threatens the affordable, high-quality coverage that 178 million Americans receive through their employer.

The Council is a public policy organization representing principally Fortune 500 companies and other organizations that assist employers of all sizes in providing benefits to employees. Collectively, the Council’s members either sponsor directly or provide services to health and retirement plans that cover more than 100 million Americans.

Starting in 2020, the Affordable Care Act imposes a 40 percent tax on employer-sponsored coverage that exceeds certain thresholds, projected to be \$10,800 for employee-only coverage and \$29,100 for family coverage. For millions of Americans who enjoy health insurance coverage through an employer, the mere threat of this tax has already resulted in reduced coverage and increased out-of-pocket costs.

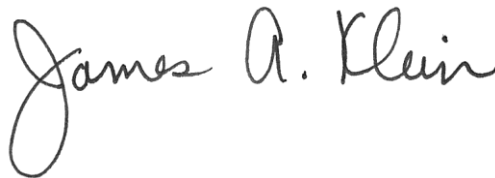
This tax will hurt Americans in a very inconsistent and inequitable way because, contrary to its nickname, the “Cadillac Tax” doesn’t simply tax luxurious health plans. It also affects ordinary plans that are expensive simply because they cover people with

higher-than-average health costs, like women, older and disabled workers, families with catastrophic health events and those who live in more costly areas.

The Council strongly supports the Middle Class Health Benefits Tax Repeal Act (S. 58, sponsored by Senators Dean Heller (R-NV) and Martin Heinrich (D-NM), and H.R. 173, sponsored by Representatives Mike Kelly (R-PA) and Joe Courtney (D-CT)), which would fully and immediately repeal the tax.

As you work on any moving health care legislation, we urge you to include full and immediate repeal of the "Cadillac Tax."

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. Senate
All members, U.S. House of Representatives