



AMERICAN BENEFITS
COUNCIL

ACTION ALERT

WE NEED YOUR HELP: Action needed before December 11 to seek repeal of 'Cadillac Tax'

ACTION REQUESTED: Support the effort to repeal the "Cadillac Tax" on health plans. The Council is providing a number of ways for your company to send a message to Congress and the Obama Administration.

BACKGROUND: The "Cadillac tax" is a 40% non-deductible tax on the cost of employer-sponsored health coverage exceeding certain limits -- \$10,200 (self-only coverage) and \$27,500 (family coverage) in 2018.

While the tax has been characterized as affecting only a small number of luxurious plans, many Council member companies report that it will inevitably be impossible to avoid. The Council has coordinated a multi-stakeholder coalition to seek full repeal of the tax.

HOW TO TAKE ACTION: Congress is expected to adjourn for the year on or before December 11. While we recognize the challenge we face, the Council is working closely with our coalition partners to get repeal legislation attached to the "must-do" measures Congress needs to pass before December 11. We urge you to participate in one or more of following ways:

1. **Contact your elected representatives' offices** (you can call the U.S. Capitol Switchboard at (202) 224-3121 or [you can find them by typing in your zip code here](#)) and tell them you support repeal of the Cadillac tax before the end of the year. Some members of Congress contend that this is strictly a "union issue." So it is especially important that Congress understand that repeal of the tax is corporate priority. Therefore, we urge you to work with appropriate colleagues within your organization to convey the message on behalf of your company. Letters are welcome; but phone calls/visits are most effective at this stage. [See suggested talking points below.]

2. **[Send us your story](#)**: let us know how the Cadillac tax is likely to affect your company's health plan. We are posting these stories on the coalition website. Send statements, pictures, videos or any other media that illustrate the implications of the tax. Examples of messages would describe how the tax will:
 - Decrease access to affordable, high quality health care
 - Impact families by raising cost-sharing or out-of-pocket costs
 - Add to the other administrative burdens of the Affordable Care Act

Please email your story to MyStory@fightthe40.com.

3. **Join the Alliance to Fight the 40**. The Council organized the [Alliance to Fight the 40](#), a diverse coalition of public and private sector employers, unions and non-profit groups united to advocate for repeal of the 40 percent tax. Since the Alliance's launch, coalition members have been on Capitol Hill every day explaining the negative implications of the tax. We are now undertaking a coordinated public relations campaign and every voice makes our message stronger. Review this [two-page brochure](#) and contact Council President [James Klein](#) to find out how to get involved.

TALKING POINTS:

1. **The tax will eventually affect virtually all Americans with employer-sponsored health coverage**. Because the tax is indexed to the consumer price index, which rises more slowly than health care inflation, every year an increasing number of health plans will be subject to the tax. In fact, [82 percent of employers](#) expect at least one plan to trigger the tax within the first five years of implementation.
2. **The tax penalizes employers for many factors that are out of their control**. The tax unfairly targets employers that have a higher number of workers with chronic or serious diseases or those with larger families. Employers with locations in high-cost areas or in specific industries, such as manufacturing or law enforcement, are also unequally affected by the tax.
3. **The tax applies to a number of benefits that help keep employees healthy and control costs**. These include on-site medical clinics, certain wellness and employee assistance plans, health savings account contributions, health reimbursement arrangements, flexible spending accounts, and other pre-tax health benefits. This will cause many plans to hit the tax threshold earlier than expected.
4. **The tax must be repealed now**. Employers are already being compelled to reduce benefits. [A recent study](#) found employers have already increased deductibles and implemented other cost-sharing right now, in 2015, to avoid being on a trajectory to trigger the tax when it goes into effect in 2018.
5. **A strong bipartisan majority in Congress supports repealing the Cadillac tax**. 272 Members of the House and 32 Senators have cosponsored bipartisan legislation to repeal the tax.

For more information on the Council's efforts to repeal the tax, contact [Katy Spangler](#), senior vice president, health policy, or [Diann Howland](#), vice president, legislative affairs, at (202) 289-6700.