

June 25, 2015

The Honorable Orrin Hatch
Chairman, Committee on Finance
219 Dirksen Office Building
U.S. Senate
Washington DC 20150

The Honorable Paul Ryan
Chairman, Committee on Ways and Means
1102 Longworth Office Building
U.S. House of Representatives
Washington DC 20515

The Honorable Ron Wyden
Ranking Member, Committee on
Finance
219 Dirksen Office Building
U.S. Senate
Washington DC 20150

The Honorable Sandy Levin
Ranking Member, Committee on Ways and
Means
1102 Longworth Office Building
U.S. House of Representatives
Washington DC 20515

Dear Senators and Representatives:

We are writing as a group of organizations and businesses that employ millions of workers in all segments of the U.S. economy to bring to your attention an issue that is threatening the employer-sponsored health care system and the health care coverage of over 150 million Americans across the United States.

The Affordable Care Act (ACA) imposes a 40 percent non-deductible excise tax (also known as the “Cadillac Tax”) on the value of employer-sponsored health coverage that exceeds certain benefit thresholds – initially, \$10,200 for self-only coverage and \$27,500 for family coverage beginning in 2018.

While this tax was supposed to be levied on only a small number of “Cadillac plans,” current projections, as well as our actual experience with health care costs, show that this 40 percent tax will affect the health plans of all types of employers and a wide range of workers, including low- and moderate-income families, retirees, as well as the self-employed.

The 40 percent tax, which is complicated to calculate and administer, is a broad-based tax on health benefits and applies not only to insurance premiums but also to contributions to health savings accounts and flexible spending arrangements, on-site wellness clinics, certain wellness plans and other pre-tax health benefits.

While the tax is not payable until 2018, employers are already changing plans and designing benefits to avoid being hit by this onerous tax.

On behalf of our member businesses, we urge you to take quick action to protect the employer-sponsored health care of millions of workers by repealing this tax.

Sincerely,

American Benefits Council
American Staffing Association
Associated General Contractors
Corporate Health Care Coalition
Food Marketing Institute
HR Policy Association
National Association of Convenience Stores
National Association of Manufacturers
National Association of Wholesaler Distributors
National Business Group on Health
National Grocers Association
National Retail Federation
National Rural Electric Cooperative Association
Retail Industry Leaders Association
Society for Human Resource Management
Society of American Florists
U.S. Chamber of Commerce
WorldatWork

cc: The Honorable John A. Boehner, Speaker of the House
The Honorable Nancy Pelosi, House Minority Leader
The Honorable Mitch McConnell, Senate Majority Leader
The Honorable Harry Reid, Senate Minority Leader
All Members of the 114th Congress