

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

NEIL L. BRADLEY
EXECUTIVE VICE PRESIDENT &
CHIEF POLICY OFFICER

1615 H STREET, NW
WASHINGTON, DC 20062
(202) 463-5310

June 10, 2019

TO THE MEMBERS OF THE UNITED STATES SENATE:

The U.S. Chamber of Commerce strongly supports S. 684, the “Middle Class Health Benefits Tax Repeal Act of 2019.” This legislation would permanently repeal the “Cadillac Tax,” a 40 percent tax on all employer-provided health plans that exceed the federally-determined cost threshold for group coverage premiums. **Members who cosponsor this legislation will receive credit for the Leadership component of their “How They Voted” rating.**

We have long opposed this harmful tax as well as the Health Insurance Tax and the Medical Device Tax, due to the deleterious impact they have on jobs, health insurance premiums, and employer-sponsored health coverage. The Chamber supports proposals that further suspend these taxes even while we remain committed to their full repeal.

Equal to 40% of the value of group health plans that exceed a projected amount of \$11,100 for individual coverage and \$29,750 for family plans in 2020, the Cadillac Tax is applicable to employer and employee premium contributions for fully insured or self-funded businesses that offer robust, flexible health coverage to their employees. The tax is also applicable to contributions made towards health savings accounts, health reimbursement arrangements, and flexible spending accounts. This undermines health reform efforts by discouraging flexible employer plan offerings and indirectly increases out-of-pocket costs for employees in the form of higher payroll taxes, deductibles and co-pays.

Moreover, the Cadillac Tax will eventually affect all plans and essentially fine employers for offering health coverage to their employees. As annual increases are tied to general inflation using the consumer price index, the tax neglects to account for the faster pace of rising medical costs, effectively penalizing employers and their employees for economic forces beyond their control. Compounding the issue of affordability even further, the tax is likely to have an adverse effect on working Americans who live in high-cost areas of the country.

The Chamber believes that continued innovation in employer-sponsored coverage will bring the reduced costs, expanded access, and improved quality that hardworking Americans deserve. We urge you to preserve the longstanding tax treatment of employer-sponsored coverage by supporting permanent repeal of the Cadillac Tax.

Sincerely,



Neil L. Bradley