



**Matthew Eyles**  
President and CEO

July 16, 2019

The Honorable Nancy Pelosi  
Speaker of the House  
U.S. House of Representatives  
U.S. Capitol, Room H-232  
Washington, D.C. 20515

The Honorable Kevin McCarthy  
House Republican Leader  
U.S. House of Representatives  
U.S. Capitol, Room H-204  
Washington, D.C. 20515

Dear Speaker Pelosi and Leader McCarthy:

On behalf of America's Health Insurance Plans (AHIP), I am writing to express our strong support for the "Middle Class Health Benefits Tax Repeal Act" (H.R. 748). We are grateful to each of the 362 House members who have cosponsored this bipartisan bill to permanently repeal the 40 percent excise tax (the "Cadillac tax") on employer-provided health coverage.

Our members are seriously concerned that implementation of the Cadillac tax in 2022 would be harmful to the 180 million Americans who rely on employer-provided health coverage. This tax will hurt businesses and families of all income levels, and result in many Americans paying more money for less health coverage. This tax threatens to unnecessarily increase deductibles at a time when many Americans are already paying too much for care. Repeal of the Cadillac tax is a critical step toward achieving greater health care affordability for working families.

The impact of the Cadillac tax goes far beyond high-income workers and employee health plans offering "rich" benefits. A survey by United Benefit Advisors estimates that 74 percent of employer-provided health plans will be affected by the tax when it takes effect in 2022.<sup>1</sup> Another analysis, by Towers Watson, estimates that 82 percent of employer-provided health plans will be subject to the tax within five years of its effective date.<sup>2</sup> Additional research, published in the *International Journal of Health Services*, cautions that the Cadillac tax "will hit the middle class hardest" and "will disproportionately harm families with (2009) incomes between \$38,550 and \$100,000."<sup>3</sup>

We appreciate that the House is planning a vote on H.R. 748 this week. To protect the American people from the costly impact of the Cadillac tax, it is important for Congress to approve this bipartisan legislation and send it to the President's desk.

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<sup>1</sup> United Benefit Advisors (2015). *Three out of Four U.S. Employers To Be Hit with Cadillac Tax by 2022*.

<sup>2</sup> Towers Watson (2014). *Nearly Half of U.S. Employers Expected to Hit the Health Care "Cadillac" Tax in 2018 with 82% Triggering the Tax by 2023*.

<sup>3</sup> Woolhandler, S., & Himmelstein, D. U. (2016). *The "Cadillac Tax" on Health Benefits in the United States Will Hit the Middle Class Hardest*. *International Journal of Health Services*, 46(2), 325-330.

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On a closely related issue, we also urge you to support passage of bipartisan legislation (H.R. 1398) that would suspend the health insurance tax in 2020 and 2021. One hundred and seventeen members of the House have cosponsored this important bill.

Under current law, the health insurance tax has been suspended for 2019. An August 2018 analysis by Oliver Wyman estimated that if the health insurance tax is allowed to resume in 2020, it would have a premium impact next year (on a per enrollee basis) of \$196 for individuals in the non-group market, \$154 for individuals and \$479 for families in the small group market, \$158 for individuals and \$458 for families in the large group market, \$241 for Medicare Advantage enrollees, and \$157 for each enrollee covered by Medicaid managed care programs.<sup>4</sup>

Relief from the health insurance tax would result in real savings to the American people. We strongly urge Congress to provide an additional two-year suspension of the health insurance tax by passing H.R. 1398.

Thank you for considering our views on these important issues. We look forward to working with you on this and other strategies for lowering health care costs for the American people.

Sincerely,

A handwritten signature in cursive script that reads "Matthew Eyles".

Matthew Eyles  
President and CEO

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<sup>4</sup> Oliver Wyman (August 2018). *Analysis of the Impacts of the ACA's Tax on Health Insurance in Year 2020 and Later*.