

National Coalition on | **BENEFITS**

June 29, 2015

Honorable Orrin Hatch
Chairman
Senate Committee on Finance
Committee

Honorable Paul Ryan
Chairman
House Ways and Means

Honorable Ron Wyden
Ranking Member
Senate Committee on Finance
Committee

Honorable Sandy Levin
Ranking Member
House Ways and Means

Dear Senators and Representatives:

On behalf of the National Coalition on Benefits, we want to express our grave concern about the 40 percent excise tax on health care benefits. The National Coalition on Benefits (“NCB”) includes major employer trade associations representing large and small employers. NCB also includes many large employers with employees in all fifty states (see www.coalitiononbenefits.org). We are united in our apprehension that the Affordable Care Act’s 40 percent excise tax will undermine the innovative employer-sponsored health care coverage that over 150 million Americans enjoy. Certainly, at the very least, this provision will increase the cost of health care coverage, unintentionally encourage significant benefit design changes, discourage efforts to promote wellness, prevention, and diminish the ability for America’s employees to pay for out-of-pocket costs.

We are writing to you as organizations on behalf of employers and their employees to urge you to take action on the Affordable Care Act provision that places a 40 percent tax on employee health benefits whose costs exceed a specified threshold (\$10,200 for individual; \$27,500 for family coverage). As employers and employees face changes to their benefit structure, some health benefit plans may not be able to adjust below this threshold.

While early projections predicted that few plans would exceed this threshold, we now believe that as many as 25 percent of all employer sponsored plans will be affected when this provision is implemented in 2018. In several years, even more plans will be required to pay the tax – despite changes to the benefit structures to try to reduce the overall costs. In certain high cost areas of the country, these changes will be the most challenging.

We need Congress to take action now to repeal this provision or direct the Administration to radically change the way it is implemented. The regulatory notice issued earlier this year was confusing, and suggests implementation of the provision will undermine all efforts to promote

wellness and the prevention of diseases. The Notice suggests interpreting the provision's statutory language in such a stringent and complex matter that it will fail to permit necessary flexibility.

We urge you to act quickly to repeal the 40 percent excise tax and protect employer-sponsored health coverage.

Sincerely,

National Coalition on Benefits

cc: Members of the United States Congress