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Employers Support Delayed Implementation of the 40 Percent Tax on Health Care Benefits

Washington – The [National Coalition on Benefits](#), a group of businesses and associations dedicated to supporting the employer-sponsored coverage valued by more than 150 million American beneficiaries, endorses a two-year delay of the 40 percent tax on health benefits currently under consideration by Congress for inclusion in the year-end tax extenders package.

“The National Coalition on Benefits supports the delay of the 40 percent tax under consideration by Congress. This action would give Congress and the Administration additional time to resolve issues with the 40 percent tax on health plans,” said Mallory Micetich, a spokesperson for the Coalition.

Mandated by the *Affordable Care Act*, the 40 percent tax is currently scheduled to take effect in 2018. A [study released this week](#) by the National Association of Manufacturers revealed that:

- The accelerating nature of the tax will prompt many employers to continually increase cost sharing and/or eliminate benefits. On-site clinics, on-site pharmacies, wellness programs, flexible spending accounts and health savings accounts could all be in jeopardy.
- If health insurance premium prices increase moderately, the tax would hit between almost 30 percent of manufacturers’ plans by 2025 and more than 80 percent by 2035. If they increase at a higher rate, the employee benefits tax would affect 60 percent of plans in the manufacturing sector by 2025 and virtually all plans by 2035.
- Virtually all employers would end up facing the tax at some point.
- Job losses from the tax could total 2.6 million by 2035, and real personal income in 2014 dollars would be reduced by almost \$3,800 per household.
- The economic tax burden would reduce GDP by 1.7 percent by 2035.

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The National Coalition on Benefits (NCB) is dedicated to preserving the benefits of the more than 150 million Americans who receive health insurance through employers. The Coalition is comprised of major employer trade associations, representing large and small employers. NCB also includes many large employers with employees in all 50 states (see www.coalitiononbenefits.org).