

May 22, 2019

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Pelosi and Leader McCarthy:

On behalf of Families USA, a leading national voice for health care consumers, I write to offer our support for H.R. 748, the *Middle Class Health Benefits Tax Repeal Act of 2019*. This bipartisan legislation would repeal the excise tax on high value employer-sponsored health care coverage, also known as the “Cadillac Tax”. At a time when almost half of our nation’s families report that they are forgoing needed medical care because they cannot afford the care, policymakers should make sure that employers doing the right thing and providing high value health insurance to their employees are supported, not penalized with an egregious tax.

More than 181 million people – a majority of the country – receive employer-sponsored insurance. The Affordable Care Act (ACA) included a provision to impose a 40 percent excise tax on high-cost and high-value employer-sponsored insurance (ESI) coverage. This provision was recently delayed for a second time, until 2022. While the tax would be levied on employers, experts expect its costs largely would be shifted to employees and their families.ⁱ

The Cadillac Tax is built on the supposition that by exposing our nation’s families to even more financial vulnerability in their health care, families will manage to bring health care costs down. Creating greater financial insecurity for families is not the answer. It is the primary responsibility of policy makers, the health care sector, and the government to solve the health care cost crisis. And your constituents agree. More than 80 percent of people in this nation – both Democrats and Republicans – believe it’s the responsibility of the government to get control of out-of-control health care costs.ⁱⁱ

H.R. 748 is an important opportunity for Congress to support high quality health care and the employers that provide it. In recent years, deductibles in ESI plans have risen considerably while costs have continued to grow.ⁱⁱⁱ The so-called “Cadillac Tax” creates the wrong incentive to employers around the nation. What we need now is higher value insurance, not lower value coverage.

We urge the House of Representatives to support working families and the employers providing these families high quality health insurance and pass H.R 748.

Sincerely,



Frederick Isasi
Executive Director

Cc: The Honorable Richard Neal, Chair, Committee on Ways and Means
The Honorable Kevin Brady, Ranking Member, Committee on Ways and Means
The Honorable Bobby Scott, Chair, Committee on Education and Labor
The Honorable Virginia Foxx, Ranking Member, Committee on Education and Labor
The Honorable Frank Pallone, Chair, Committee on Energy and Commerce
The Honorable Greg Walden, Ranking Member, Committee on Energy and Commerce
The Honorable Joe Courtney
The Honorable Mike Kelly

ⁱ Jane G.Gravelle, "The Excise Tax on High-Cost Employer Sponsored Health Insurance: Estimated Economic and Market Effects," Congressional Research Service, January 12, 2017, <https://fas.org/sgp/crs/misc/R44159.pdf>.

ⁱⁱ "Americans' Priorities for the New Congress in 2019." Politico. December 2018.

<https://www.politico.com/f/?id=00000168-1450-da94-ad6d-1ffa86630001>.

ⁱⁱⁱ Gary Claxton, et al. "Employer Health Benefits: 2018 Annual Survey." Kaiser Family Foundation. October 2018.

<https://www.kff.org/health-costs/report/2018-employer-health-benefits-survey>.