

# ALLIANCE TO FIGHT THE 40

Stop the 40% tax on health benefits

**For Immediate Release**

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**ICYMI**

***Health Affairs: “About That Cadillac Tax”***

**Washington, D.C.** – “There are two key practical issues with the [so-called ‘Cadillac’] tax, the indexing problem and the adaptation question,” write economists Jeff Lemieux and Chad Moutray in a Health Affairs Blog post, [About That Cadillac Tax](#). “In our opinion, these are serious enough issues to warrant continued caution before implementing the Cadillac tax.”

Other key excerpts include:

- “Any health premiums above [the ‘Cadillac Tax’s’ statutory] thresholds would be taxed at 40 percent. Although health plans administering employer benefits would pay the tax, the cost would be [passed through to the health plan enrollees](#).”
- “We worry the tax will cause employers to continue to shift costs to beneficiaries through higher and higher deductibles. There are several reasons why further increases in deductibles wouldn’t necessarily be desirable.”
- “... even the most innovative firms could struggle to find alternative ways to cut costs quickly enough to avoid the tax, and might have to default to continuously higher deductibles.”
- “Overly high deductibles, in turn, could become clinically inefficient. That is ever-higher deductibles could lead to the delay or avoidance of appropriate and necessary health care for too many patients, especially those with low incomes. In those cases, the deductibles could cause reductions in health status sufficient to raise overall or long-term health costs, not lower them.”

[The Alliance to Fight the 40](#) is a broad based coalition comprised of public and private sector employer organizations, consumer groups, patient advocates, unions, health care companies, businesses and other stakeholders that support employer-sponsored health coverage. This coverage is the backbone of our health care system and protects over 175 million Americans across the United States. The Alliance seeks to repeal the 40% tax on employee health benefits to ensure that employer-sponsored coverage remains an effective and affordable option for working Americans and their families.

**For more information on the 40 percent Tax on Health Benefits, visit our website at [www.fightthe40.com](http://www.fightthe40.com) or follow us on Twitter [@Fightthe40](#).**

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