

# ALLIANCE TO FIGHT THE 40

Stop the 40% tax on health benefits

**For Immediate Release**

**March 15, 2016**

Contact: [Tara Bradshaw](#) (202) 467-4603

[Adam Temple](#) (202) 400-2610

**ICYMI**

## **New Study Finds: ‘Cadillac Tax’ to Hit Middle Class Hardest**

Washington, D.C. – A new study released by the City University of New York finds that the so-called “Cadillac Tax”, which was supposed to be targeted at high-cost health plans, will actually hit middle-income families the hardest. The study highlights that while upper-income families will pay more, middle-income Americans “stand to sustain the greatest financial harm.”

Key findings include:

- “Although the tax was labeled a “Cadillac Tax” to imply that it will apply only to luxurious benefits, because the cap will be indexed to overall inflation rather than to health care inflation (which is almost always faster), over time more and more employee groups will be hit by the tax, or by a cut in benefits to avoid it.”
- “Eliminating the subsidies (and “over-insurance”) — as the Cadillac Tax aims to do — has ripple effects that will disproportionately harm lower- income workers. Employers seeking to avoid the tax will probably increase copayments and deductibles. Even if most of employers’ premium savings were eventually passed on to workers as higher wages, the higher out-of-pocket costs would most discourage low-income families from seeking care — exacerbating inequalities in health and health care.”
- “Most economists have ignored the glaring unfairness of levying the Cadillac Tax based on the cost of benefits, rather than their richness. It is not merely (or even mostly) comprehensive benefits that push up premium costs. Premiums are much higher in high cost locations (e.g., Alaska), and in work-places with sicker, older or mostly female workers (e.g., public schools).”

Read the full study [here](#).

**[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.**

###