

Congressional support grows to repeal 'Cadillac Tax'

By [BRIAN BOWDEN](#), [MIKE BELARMINO](#) Oct. 5, 2015

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Efforts to repeal the 40 percent excise tax on employer-sponsored health coverage (sometimes referred to as the "Cadillac tax") recently received a big boost as the Senate introduced two bills to repeal the controversial tax that will impact many counties when it goes into effect in 2018.

On Sept. 17, Sens. Dean Heller (R-Nev.) and Martin Heinrich (D-N.M.) introduced S. 2045, the Middle Class Health Benefits Tax Repeal Act of 2015 — bipartisan legislation to repeal the excise tax. The bill currently has 13 co-sponsors (as of Sept. 25).

On Sept. 24, Sen. Sherrod Brown (D-Ohio) introduced S. 2075, the American Worker Health Care Tax Relief Act of 2015, which also repeals the tax but includes a non-binding "Sense of the Senate" clause demanding that any repeal include an offset. Brown's bill currently has nine co-sponsors (as of 9/25).

Two bills have already been introduced in the House — H.R. 2050, the Middle Class Health Benefits Tax Repeal Act by Rep. Joe Courtney (D-Conn.) and H.R. 879, Ax the Tax on Middle Class Americans by Rep. Frank Guinta (R-N.H.). Together, the two House bills have more than 240 co-sponsors.

NACo supports all legislative efforts to repeal the excise tax on employer-sponsored health coverage, and encourages county officials to contact their congressional representatives to urge them to do the same.

The tax, a provision in the 2010 Affordable Care Act, will impose a 40 percent excise tax on the amount of employer-sponsored coverage that exceeds statutorily established thresholds. It applies to all employers, public and private, and is projected to significantly impact the health coverage provided to employees as employers implement changes to avoid the excise tax in 2018 and beyond.

To better understand the tax and how it affects counties, see NACo's publication titled *Excise Tax on High-Cost Employer Sponsored Health Coverage: What Counties Need to Know*

<<http://www.naco.org/sites/default/files/documents/Excise%20Tax%20Publication%20FINAL.PDF>>

Counties employ more than 3 million employees and spend approximately \$20 billion to \$24 billion annually on health insurance. Unable to match salaries in the private sector, county governments provide quality health insurance as means to compete in the job market and to retain a quality workforce.

NACo and partners have engaged in intense advocacy efforts through the Alliance to Fight the 40, a broad-based coalition comprising public and private sector employer organizations, unions, health care companies, businesses and other stakeholders that support employer-sponsored health coverage.

On the regulatory side, the Internal Revenue Service is still moving forward with plans to develop the rules guiding the implementation of the excise tax. On May 15, NACo submitted official comments to the IRS outlining counties' concerns. On July 30, the IRS issued its second notice requesting comments on potential approaches the agency may take to implement the provision.

About Brian Bowden ([Full Bio](#))

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Brian Bowden serves as NACo's Associate Legislative Director for Health and staffs NACo's Health Steering Committee, lobbying Congress and the Administration on all health issues impacting counties including Medicaid, behavioral health, public health, jail health and long-term care.



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