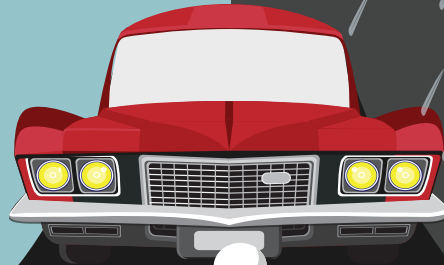


# Cadillac Tax

EXPECTATIONS VS. REALITY

What's the Cadillac tax?

Starting in 2018, there will be a 40% tax on health insurance plans that cost more than \$10,200 for individuals and \$27,500 for families.



REALITY

EXPECTATIONS

How many plans?

Was supposed to affect just **3%** of plans in 2018.<sup>1</sup>

Will hit **19%** of plans in 2018 and **47%** by 2022.<sup>2</sup>

"an excise tax on . . . executives at **Goldman Sachs**" - Senior White House Advisor David Axelrod, 2009.<sup>3</sup>

Who's affected?

In 2018, the tax will hit more state/local government employers - like **schools** and **police departments** - than finance firms.<sup>4</sup>

Will affect **overly generous**, gold-plated plans.

What type of plans?

In 16 states, the typical plan hit by the tax is equivalent to the **least generous**, "Bronze"-level plans on the ACA's exchanges.<sup>5</sup>

Congressional Budget Office expects that the tax will raise \$91 billion over a decade.<sup>6</sup>

Revenue?

**3/4** of that \$91 billion comes from increased income taxes, on the expectation that employers will compensate for cutting benefits by raising wages.<sup>7</sup>

<sup>1</sup><http://cqcengage.com/nahu/cadillactax>

<sup>2</sup>United Benefit Advisors 2015 Health Plan Survey

<sup>3</sup>[http://www.nytimes.com/2009/07/27/health/policy/27insure.html?\\_r=3](http://www.nytimes.com/2009/07/27/health/policy/27insure.html?_r=3)

<sup>4</sup><http://inq.sagepub.com/content/48/4/322.long> 12% vs 9%, pg 328

<sup>5</sup>United Benefit Advisors 2015 Health Plan Survey

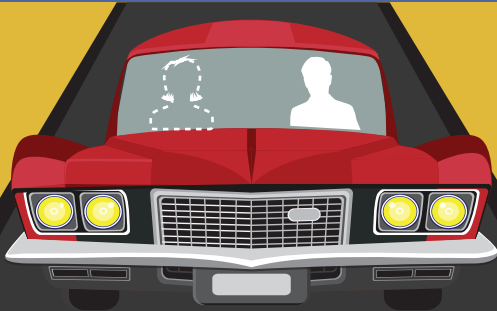
<sup>6</sup>[http://www.fightthe40.com/news/Employee-Benefit-News\\_07292015.pdf](http://www.fightthe40.com/news/Employee-Benefit-News_07292015.pdf)

<sup>7</sup>[http://www.fightthe40.com/news/Employee-Benefit-News\\_07292015.pdf](http://www.fightthe40.com/news/Employee-Benefit-News_07292015.pdf)

# Cadillac Tax

DESTINATION: FEWER BENEFITS & HIGHER COSTS

EMPLOYERS PLAN TO RAISE COSTS AND REDUCE BENEFITS. ONE IN THREE EMPLOYERS HAS OPTED TO OFFER ONLY HIGH-DEDUCTIBLE PLANS – OR IS CONSIDERING DOING SO.<sup>8</sup>



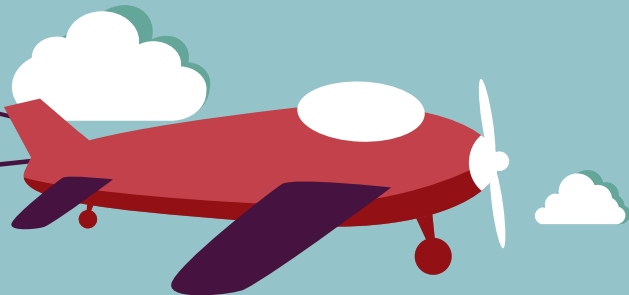
MAJOR EMPLOYERS ARE DROPPING COVERAGE FOR SPOUSES.<sup>9</sup>



HEALTH REIMBURSEMENT ARRANGEMENTS, HEALTH SAVINGS ACCOUNTS AND FLEXIBLE SPENDING ACCOUNTS – WHICH REDUCE HEALTHCARE SPENDING – “WILL LIKELY BE AMONG THE FIRST BENEFITS CUT.”<sup>10</sup>

*But even cutting benefits won't help many employers avoid the tax.*

**74%** OF EMPLOYERS WILL BE HIT BY THE TAX BY 2022.<sup>11</sup>



**20%** OF EMPLOYERS SAY THE CADILLAC TAX WILL BE THEIR SINGLE BIGGEST COST-DRIVER.<sup>12</sup>



<sup>8</sup><https://www.ifebp.org/aboutus/pressroom/releases/Pages/pr-Employers-Say-2016-Will-Be-Costliest-Year-Yet-for-ACA-Compliance.aspx>

<sup>9</sup><http://www.nbcnews.com/news/other/large-employers-cite-obamacare-cadillac-tax-reducing-benefits-f2D11655467>

<sup>10</sup><http://www.bna.com/employers-may-cut-b57982058830/>

<sup>11</sup>United Benefit Advisors 2015 Health Plan Survey

<sup>12</sup><https://www.ifebp.org/aboutus/pressroom/releases/Pages/pr-Employers-Say-2016-Will-Be-Costliest-Year-Yet-for-ACA-Compliance.aspx>